

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF OHIO
3 WESTERN DIVISION

4 UNITED STATES OF AMERICA, - Docket No. 3:13-CR-550
5 Plaintiff, - Toledo, Ohio
6 v. - May 15, 2014
7 BRADFORD L. HUEBNER, - Trial - Volume 8
8 et al., -
9 Defendants. -

10 VOLUME 8
11 TRANSCRIPT OF TRIAL
12 BEFORE THE HONORABLE JACK ZOUHARY
13 UNITED STATES DISTRICT JUDGE, AND A JURY.

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24 Proceedings recorded by mechanical stenography,
25 transcript produced by notereading.

1 (Reconvened at 8:48 a.m.)

2 (The witness was sworn by the Court.)

00:01:21 3 (Jury enters the courtroom.)

00:01:22 4 THE COURT: Welcome back, ladies and

00:01:28 5 gentlemen. Hopefully you handled the rain. As a

00:01:36 6 preliminary matter, you may note that Mr. Shepherd is

00:01:39 7 not here today on behalf of the government, and that is

00:01:41 8 for reasons beyond his control. It is not because of

00:01:45 9 his lack of interest in this trial, believe me. And, of

00:01:53 10 course, he's not here with my approval; let's just put

00:01:56 11 it that way.

00:01:57 12 When we left yesterday, we were listening to

00:02:00 13 a tape.

00:02:01 14 MR. KERGER: Your Honor, last night I

00:02:03 15 listened to the rest of the tape. I don't think it adds

00:02:06 16 anything that the jury hasn't already heard, so we're

00:02:08 17 going to stop there.

00:02:10 18 THE COURT: Very good. And the defendants

00:02:12 19 are prepared to call their next witness, who is in the

00:02:15 20 witness stand and has been sworn. And counsel, you may

00:02:18 21 inquire.

00:02:19 22 MR. BOSS: Thank you, judge.

00:02:21 23 - - -

00:02:21 24 RICHARD GREEN, DIRECT EXAMINATION

00:02:21 25 BY MR. BOSS:

00:02:21 1 Q. Could you please tell the ladies and gentlemen
00:02:23 2 your name.

00:02:24 3 A. Richard Green.

00:02:25 4 Q. And, Mr. Green, what do you do for a living?

00:02:27 5 A. I'm a computer forensic expert.

00:02:30 6 Q. Were you hired by myself in order to assist us in
00:02:33 7 doing some work?

00:02:34 8 A. Yes, I was.

00:02:35 9 Q. And can you tell us, where do you live?

00:02:39 10 A. I live in St. Pete, Florida.

00:02:41 11 Q. And did you previously reside in the Toledo, Ohio
00:02:44 12 area?

00:02:45 13 A. Yes, I did.

00:02:46 14 Q. How long ago was that?

00:02:47 15 A. About seven years.

00:02:50 16 Q. I understand that you have had some education,
00:02:53 17 training, and experience to be qualified as an expert in
00:02:57 18 computer forensic work; is that correct?

00:02:59 19 A. That is.

00:03:01 20 Q. And I know that you gave me your resumé. I'd
00:03:08 21 like to just ask you a couple questions. Can you tell
00:03:10 22 us about your educational background, please.

00:03:12 23 A. Certainly. I've taken about 16 classes
00:03:19 24 specifically in the computer forensic field. Prior to
00:03:25 25 that my experience comes from 20-some years as an IT

00:03:32 1 technician followed by seven years hands-on computer
00:03:36 2 forensic training and cases.

00:03:39 3 Q. And do you currently own a business, and what is
00:03:42 4 that?

00:03:43 5 A. The name of the company is United States
00:03:45 6 Forensics.

00:03:46 7 Q. And United States Forensics, I take it that you
00:03:50 8 examine computer data and provide reports and
00:03:54 9 information?

00:03:55 10 A. Yes, we do.

00:03:56 11 Q. And can you tell me whether you've been
00:03:58 12 previously qualified as an expert to testify in court?

00:04:01 13 A. Yes, I have.

00:04:02 14 Q. And can you tell us, was that in the states of
00:04:05 15 Florida, Michigan, and Ohio?

00:04:06 16 A. That is correct.

00:04:07 17 Q. Have you also been qualified and appointed as an
00:04:10 18 expert in federal court?

00:04:11 19 A. Yes.

00:04:12 20 Q. And can you tell me whether you've worked both
00:04:15 21 for the defense as well as for law enforcement?

00:04:17 22 A. I have.

00:04:18 23 THE COURT: One second, please.

00:04:51 24 (Discussion had off the record.)

00:04:52 25 THE COURT: I'm sorry. Go ahead.

00:04:55 1 BY MR. BOSS:

00:04:55 2 Q. Mr. Green, do you belong to any associations of
00:04:58 3 computer forensic examiners?

00:05:00 4 A. Yes. There's an International Society of
00:05:02 5 Computer Forensic Examiners is the primary one. There's
00:05:09 6 the National Private Investigation chapter down in
00:05:17 7 Florida.

00:05:18 8 Q. And have you been certified as a computer
00:05:23 9 forensic examiner?

00:05:24 10 A. Yes, through the international site. They have a
00:05:28 11 CCD certification.

00:05:29 12 MR. BOSS: Your Honor, I'd ask that the
00:05:30 13 witness be qualified as an expert.

00:05:33 14 THE COURT: Any objection?

00:05:34 15 MR. CRAWFORD: No, Your Honor.

00:05:35 16 BY MR. NIGHTINGALE:

00:05:36 17 Q. Mr. Green, did you receive computer data -- I
00:05:42 18 know that the prosecuting attorney spoke with the jury
00:05:44 19 yesterday about the way that when the search was
00:05:48 20 conducted of the BH Group offices, that the search team
00:05:54 21 had a computer forensic expert, and that expert got what
00:05:59 22 are called mirror images, I think it is, of the hard
00:06:02 23 drives. Are you familiar with that process?

00:06:04 24 A. Yes.

00:06:05 25 Q. And when those mirror images are obtained from

00:06:09 1 the computer server, are you forensically -- are we able
00:06:13 2 to make clones or copies of those so more than one
00:06:16 3 agency can examine them?

00:06:17 4 A. Yes, we are. The images are called a bit stream
00:06:24 5 image. It's slightly different from a mirror image, but
00:06:28 6 essentially it's an exact duplicate of the hard drives
00:06:31 7 that would have been in the computers on location when
00:06:34 8 they made those images. And the "images" is just a
00:06:39 9 forensic term that we use to designate it's an exact
00:06:43 10 copy of that computer hard drive.

00:06:46 11 Q. And did I provide you the copy of that bit stream
00:06:51 12 image that was given to us by the government?

00:06:53 13 A. Yes, you did.

00:06:54 14 Q. You have done an analysis of that?

00:06:56 15 A. Yes, I have.

00:06:57 16 Q. And did I ask you to recreate the information
00:07:03 17 from Mr. Teadt's computer?

00:07:04 18 A. Yes, you have.

00:07:05 19 Q. And did you do so?

00:07:07 20 A. I did.

00:07:08 21 Q. And I understand that you were here and heard Mr.
00:07:12 22 Massi testify previously, the government's computer
00:07:15 23 expert; is that correct?

00:07:16 24 A. That is.

00:07:17 25 Q. And did you find his testimony reliable?

00:07:21 1 A. Yes.

00:07:23 2 Q. And you heard him testify about what forensic
00:07:26 3 computer program he used in order to extract
00:07:29 4 information; is that correct?

00:07:30 5 A. I did.

00:07:31 6 Q. And did you use that same computer program in
00:07:34 7 order to extract information that you then looked at and
00:07:40 8 had analyzed?

00:07:41 9 A. Yes, I did.

00:07:41 10 Q. And what's the name of that program; do you
00:07:53 11 remember?

00:07:53 12 A. There's Internet Evidence Finder, and there was a
00:07:57 13 second program he used called X-Ways Forensics. Both of
00:08:02 14 those tools I'm very familiar with.

00:08:05 15 Q. And did I ask you to perform an analysis of the
00:08:10 16 cube 14, Mr. Teadt's, computer using the Internet
00:08:15 17 Evidence Finder?

00:08:16 18 A. Yes, you did. Yes, you did.

00:08:19 19 Q. And when we heard the testimony of Mr. Massi,
00:08:25 20 they provided to us his memorandum of transmittal of
00:08:30 21 evidence. And I'll set that up here on our screen.

00:08:42 22 MR. BOSS do I have to put some button?

00:08:45 23 Thank you so much.

00:08:47 24 BY MR. BOSS:

00:08:47 25 Q. Mr. Green, were you provided Mr. Massi's

00:08:50 1 memorandum of transmittal of digital evidence?

00:08:52 2 A. Yes, I was.

00:08:54 3 Q. And on the second page of that -- by the way, on
00:08:57 4 the first page it talks about the various computers that
00:09:00 5 were submitted for analysis; is that correct?

00:09:04 6 A. Yes.

00:09:04 7 Q. Among them is the one that was for cube 14; is
00:09:11 8 that correct?

00:09:11 9 A. Correct.

00:09:12 10 Q. And then on the second page Mr. Massi provided us
00:09:17 11 the key words that were used in his analysis; is that
00:09:22 12 correct?

00:09:22 13 A. Yes, sir.

00:09:24 14 Q. Let's see if I can figure out what button to push
00:09:30 15 to zoom in here a little bit.

00:09:32 16 Are you able to read that that I've put the
00:09:36 17 little bit of highlighting next to?

00:09:39 18 A. I am.

00:09:39 19 Q. And could you read for the record, the key words
00:09:42 20 used for this case included what, please?

00:09:44 21 A. Dinar, Iraqi, Iraq, currency, exchange, fraud,
00:09:50 22 illegal, hedge fund, hedge, Rudolph, Coenen, scam, and
00:09:58 23 Rudy.

00:10:01 24 Q. Did you use those same search terms and put them
00:10:05 25 into the Internet Evidence Finder program?

00:10:11 1 A. Yes, I did.

00:10:13 2 Q. And that program, when it provides you the search
00:10:18 3 results, can you describe for the jury what that seems
00:10:20 4 like or looks like when you get it back, that initial
00:10:23 5 report?

00:10:23 6 A. Sure. It puts it in a database format, then
00:10:26 7 gives you different categories. When the program runs,
00:10:31 8 it takes a look at that image file, and it runs a search
00:10:35 9 of all the data on it, including deleted and partial
00:10:39 10 data on there as well. And then it will put it in
00:10:42 11 categories for us such as internet history, search
00:10:45 12 terms, cookies. It even does things like web chats,
00:10:51 13 Facebook history. As Mr. Massi said, many hundreds of
00:10:55 14 different artifacts.

00:10:57 15 Q. If we were to look at it on what I'll call a
00:11:01 16 spreadsheet, it has a whole bunch of columns of
00:11:04 17 different information; is that correct?

00:11:06 18 A. That's correct.

00:11:06 19 Q. And did I ask you to reduce that to simple -- to
00:11:17 20 chronological order for us?

00:11:19 21 A. Yes.

00:11:19 22 Q. In fact, the two exhibits, the screen shots that
00:11:22 23 were given by the government through Mr. Massi, which
00:11:26 24 would have been Exhibit 293 and 296, both of which
00:11:32 25 pertain to Mr. Teadt's computer, those screen shots

00:11:36 1 were -- let me --

00:11:40 2 Ms. Dybala, could you pull up 293, please.

00:11:48 3 When I talk about the number of -- and you can,
00:11:51 4 if you want to, I think that your screen up there is
00:11:55 5 sensitive, so you can mark it if you want. But at any
00:12:01 6 rate, when I ask you, for instance, about columns, I'm
00:12:08 7 referring to the various categories of search term
00:12:11 8 results; is that correct? Or there are a whole bunch of
00:12:15 9 these; isn't that true?

00:12:16 10 A. Yeah, there's many columns on this. And, in
00:12:19 11 fact, with the spreadsheet, those columns can be
00:12:24 12 expanded so you can see more information than was
00:12:27 13 actually shown.

00:12:29 14 Q. Is that what the slide bar at the bottom is
00:12:32 15 about?

00:12:33 16 A. No. There can be more information to the right
00:12:35 17 of what you're seeing, which the slide bar would show
00:12:38 18 you; but the individual columns, column F or G, those
00:12:46 19 can be slid open if the screen shot is not showing you
00:12:49 20 the full record. Under URL, if you look towards the
00:12:52 21 bottom of the Bing, it looks like it's cutting off part
00:12:56 22 of it. So there would have been more information to the
00:12:58 23 right of that.

00:13:01 24 Q. I didn't ask you to reproduce the whole from left
00:13:04 25 to right on the spreadsheet; instead, I asked you to put

00:13:07 1 these matters in chronological order; is that correct?

00:13:10 2 A. That's correct.

00:13:10 3 Q. Instead of doing just a small shot of just a
00:13:14 4 portion, I asked you to give us the entire report?

00:13:18 5 A. Correct.

00:13:21 6 MR. BOSS: You can take that off, Melissa.

00:13:23 7 Thank you.

00:13:38 8 BY MR. BOSS:

00:13:38 9 Q. I've provided you previously with a copy of
00:13:40 10 Exhibit 749; is that correct?

00:13:46 11 A. The which?

00:13:46 12 Q. The IEF timeline summary for cube 14?

00:13:50 13 A. Yes.

00:13:51 14 Q. Mr. Green, the first column is simply the date.

00:14:11 15 Would that be the date that the search term or the
00:14:16 16 search was run and it came back giving us what we call a
00:14:19 17 hit?

00:14:21 18 A. Well, that's correct. When we run the search
00:14:27 19 terms, it will go through all the data and give us what
00:14:30 20 we call hits. And then it says what date that hit
00:14:36 21 occurred, when the site would have been visited.

00:14:38 22 Q. So probably what date the computer was used in
00:14:41 23 order to obtain a search that was in that group of words
00:14:45 24 that Mr. Massi searched through, and you did too?

00:14:48 25 A. Yeah. Well, this is more than just the search

00:14:53 1 terms. They could have just gone to a website without
00:14:55 2 searching for it. Let's say it was a favorite website
00:15:00 3 and maybe something they checked in on daily or
00:15:02 4 whatever. So it wasn't necessarily put into Google as
00:15:07 5 a search term. But this is all of the data that the
00:15:11 6 Internet Evidence Finder produced with running the same
00:15:14 7 search terms that Mr. Massi did.

00:15:15 8 Q. So it wouldn't necessarily have been the search
00:15:18 9 itself, but instead it might have been contained in the
00:15:21 10 e-mail or the web response?

00:15:23 11 A. Right. The way the program works is it can do
00:15:27 12 the search for all the artifacts. Now, on the
00:15:30 13 spreadsheet you saw, which was actually a snapshot or a
00:15:34 14 screen shot of a partial spreadsheet, then it showed
00:15:39 15 maybe 25, 30 records. That actual full spreadsheet
00:15:44 16 would contain thousands of records. So it was a very
00:15:47 17 small fragment of what the actual spreadsheet was. And
00:15:51 18 in that case it was a spreadsheet of just one of the
00:15:54 19 categories that the program produced. So it may produce
00:15:59 20 ten, 15, 20 categories. So one of the functions that we
00:16:05 21 can do on this program is we can take all of those hits,
00:16:09 22 all of those categories, and put them into what we call
00:16:12 23 a timeline function, and then export that to a
00:16:15 24 spreadsheet or a PDF file, which is the process we used
00:16:20 25 here. Now, in that, when we run the search hit,

00:16:26 1 sometimes you get what I'll call a false positive.

00:16:29 2 Q. I beg your pardon?

00:16:30 3 A. The Internet Evidence Provider also ran what I'll
00:16:34 4 call a false positive. It may have hit on a search
00:16:37 5 term, but in some cases it wasn't actually going down to
00:16:41 6 a website; it may have processed data from a local file
00:16:47 7 on the company's server, or perhaps on an e-mail hit,
00:16:52 8 things of that nature.

00:16:54 9 Q. So when Mr. Massi -- you heard his testimony?

00:16:57 10 A. Yes.

00:16:58 11 Q. And when he was explaining to us that it wasn't
00:17:00 12 perfectly reliable when it talked about the number of
00:17:03 13 visits, is that what he's referring to?

00:17:07 14 A. Well, he was -- I don't believe he was
00:17:11 15 specifically speaking of that.

00:17:12 16 Q. Okay.

00:17:13 17 A. He was talking about a different function.

00:17:15 18 Q. Okay. No problem.

00:17:16 19 Let's talk about that next column that we've
00:17:19 20 given there, "Website." What is that, if you would
00:17:22 21 please?

00:17:26 22 MR. BOSS: Melissa, can you expand that a
00:17:29 23 little bit to the bottom so we can see an example of
00:17:32 24 what a couple of the websites are.

00:17:37 25 BY MR. BOSS:

00:17:38 1 Q. Under "Website" I see that first one for
00:17:40 2 September 17, 2009. It says Google.com. What was that
00:17:48 3 about?

00:17:48 4 A. In this particular one this was a search that was
00:17:51 5 run on Google which would have been positive for one of
00:17:55 6 the search terms Mr. Massi used. Now, what we're
00:17:57 7 showing here is just the main domain name, not the full
00:18:02 8 code of what the program would have come up with, which
00:18:05 9 most of it would not have -- it would have just been
00:18:08 10 more confusing than anything else. So all of the
00:18:15 11 websites, the main domain names, put in the simplest
00:18:21 12 terms without all of the extra stuff which may show you
00:18:25 13 what page in the domain they may have visited, or there
00:18:28 14 are just a bunch of other coding that you would see in
00:18:31 15 there too.

00:18:31 16 Q. Thank you. Now, the next column over it says
00:18:34 17 "Exhibit Number," "Check Number," "Amount" and
00:18:36 18 "Purpose." Did you have any input into that at all?

00:18:39 19 A. No, I did not.

00:18:40 20 Q. So the only portion that is part of your duties
00:18:44 21 have to do with those first two columns of date and
00:18:46 22 website; is that correct?

00:18:48 23 A. That is correct.

00:18:49 24 Q. And with regard to that, does Exhibit 749,
00:18:53 25 this -- I think it's titled at the top "IEF Timeline

00:18:58 1 Summary, Cube 14," does that accurately reflect the
00:19:05 2 search results that you obtained when you ran that same
00:19:07 3 search placed in chronological order for cube 14 on that
00:19:12 4 computer?

00:19:12 5 A. Yes, it does.

00:19:19 6 Q. In your expert opinion are the results presented
00:19:23 7 in that exhibit, the first two columns, an accurate
00:19:27 8 representation of the Cube 14 web search results of the
00:19:31 9 search terms presented?

00:19:32 10 A. Yes, it is.

00:19:35 11 MR. BOSS: Thank you. I have no further
00:19:37 12 questions right now.

00:19:44 13 - - -

00:19:44 14 RICHARD GREEN, CROSS-EXAMINATION

00:19:49 15 BY MR. HARTMAN:

00:19:49 16 Q. Good morning, Mr. Green.

00:20:01 17 A. Good morning.

00:20:01 18 Q. I'm Steve Hartman; I represent Brad Huebner. We
00:20:05 19 have spoken before, correct?

00:20:07 20 A. Yes, sir.

00:20:08 21 Q. I'm going to try not to ask you any of the
00:20:11 22 questions that Mr. Boss covered so we don't have to
00:20:15 23 duplicate things. If I do a little bit, I apologize.

00:20:22 24 You recall Agent Massi testifying yesterday, and
00:20:26 25 you were in court when he did, correct?

00:20:28 1 A. Yes, sir.

00:20:29 2 Q. And you would say that the testimony he gave
00:20:33 3 about what he did was generally accurate, the things
00:20:36 4 that he did?

00:20:37 5 A. Yes.

00:20:42 6 Q. Was it when -- when they showed a snapshot of a
00:20:51 7 database that was in a spreadsheet, which of the
00:20:56 8 programs was used to get that information?

00:20:59 9 A. That was -- Internet Evidence Finder would have
00:21:05 10 generated the spreadsheet. And what you were looking at
00:21:07 11 was a screen shot of that spreadsheet that was then
00:21:11 12 saved as Adobe PDF file.

00:21:14 13 Q. And that's not a proprietary government program,
00:21:18 14 correct?

00:21:19 15 A. No. Internet Evidence Finder is commercially
00:21:22 16 available.

00:21:22 17 Q. And you have it?

00:21:23 18 A. I do.

00:21:23 19 Q. You use it?

00:21:24 20 A. All the time.

00:21:25 21 Q. And you're very familiar with it, right?

00:21:27 22 A. Yes, sir.

00:21:28 23 Q. Now, you did some analysis on some of the hard
00:21:35 24 drives that -- the images of the drives that you
00:21:39 25 received connected to this case; is that correct?

00:21:41 1 A. Yes.

00:21:51 2 Q. Could you pull up 7.

00:21:54 3 This is a sketch of the BH Group offices that was
00:21:56 4 made at the time the search was done. And you also did
00:22:01 5 some analysis on the hard drives that the government
00:22:07 6 said came from cube 13, correct?

00:22:09 7 A. Correct.

00:22:10 8 Q. And just to refresh the jury's recollection, that
00:22:14 9 was the one that was identified with my client, Mr.
00:22:17 10 Huebner?

00:22:17 11 A. Yeah, I believe that's correct.

00:22:24 12 Q. Now, what analysis did you do with the images
00:22:30 13 that you got from cube 13?

00:22:34 14 A. Ran with Internet Evidence Finder the search
00:22:40 15 terms and produced those databases. Also with the
00:22:45 16 X-Ways Forensics we processed e-mails that were found on
00:22:51 17 there into a format that could be easily exported.

00:23:03 18 Q. So you then, in terms of the Internet Evidence
00:23:06 19 Finder, you put all the results in chronological order,
00:23:09 20 and you put those into a spreadsheet as well, correct?

00:23:12 21 A. That is correct.

00:23:13 22 Q. So because of your working with the same
00:23:18 23 material, the same program and the same key words, you
00:23:22 24 would have come up with exactly the same database that
00:23:25 25 Agent Massi came up with, right?

00:23:28 1 A. My version of the program was a little bit newer
00:23:32 2 than his, so essentially they're going to be very, very
00:23:36 3 similar, but as the program is constantly updated to be
00:23:42 4 able to process different web browsers and artifacts, so
00:23:48 5 the results would have been slightly different only
00:23:50 6 because of a slightly newer version of the program,
00:23:54 7 which I believe he had used the current version at the
00:23:56 8 time that he ran them, just that I had the evidence a
00:23:59 9 little bit later.

00:24:01 10 Q. Okay. And Agent Massi testified when they put up
00:24:08 11 the snapshot of Mr. -- of cube 13's internet activity,
00:24:17 12 that was a very, very small portion of the database that
00:24:22 13 you ended up with, correct?

00:24:24 14 A. I believe we saw two of the exhibits. I'm not
00:24:28 15 sure if they were both from --

00:24:30 16 Q. I'll show you, just to refresh, so you're aware.
00:24:35 17 Now, this is Exhibit 295. This is just a portion of the
00:24:40 18 internet activity on the computers, the computer in cube
00:24:45 19 13, correct?

00:24:48 20 A. I believe that Mr. Massi couldn't tell us for
00:24:50 21 sure which cube that had come from.

00:24:54 22 Q. Well, I think -- I think he couldn't tell us
00:24:57 23 which drive. There were two drives from cube 13, and he
00:25:01 24 couldn't tell which drive, but he definitely said they
00:25:05 25 came from cube 13, I recall.

00:25:06 1 A. Okay. I'll assume that is correct.

00:25:08 2 Q. And the user name on these is BHuebner, if you
00:25:12 3 look on there, correct?

00:25:13 4 A. Correct.

00:25:18 5 Q. So when you created that website, you -- I asked
00:25:23 6 you to look at a few things, correct?

00:25:26 7 A. Yes.

00:25:27 8 Q. And at what point in time did searches and
00:25:35 9 website information regarding the Iraqi dinar, business
00:25:40 10 in Iraq, foreign currency, those kind of things begin to
00:25:45 11 appear frequently on the computer from cube 13?

00:25:48 12 A. It was around the beginning of 2009.

00:25:51 13 Q. From 2009?

00:25:53 14 A. I believe so.

00:25:54 15 Q. If I said November of 2009, would that sound
00:25:57 16 right?

00:26:00 17 A. That would approximately be right.

00:26:03 18 Q. I'm not looking for an exact date, just
00:26:06 19 generally.

00:26:06 20 A. Yeah, it was generally over in the 2009, 2010,
00:26:11 21 2011 areas.

00:26:13 22 Q. Okay. So between November of 2009 and July 27 of
00:26:23 23 2007 [sic] when you created that database of those URLs,
00:26:29 24 there were nearly 7,000 of them, correct?

00:26:32 25 MR. BOSS: Mr. Hartman, did you mean 2007?

00:26:41 1 MR. KERGER: You said 2009 to 2007.

00:26:43 2 BY MR. HARTMAN:

00:26:44 3 Q. I apologize. From 2009 to July 27, 2011.

00:26:49 4 A. Okay. I was going to say, I didn't have a very
00:26:49 5 smart answer for what you had said before.

00:26:54 6 Yeah, in that time period there were thousands of
00:26:57 7 hits.

00:27:01 8 Q. And so in that year and a half, the user of that
00:27:05 9 computer visited websites and did searches resulting in
00:27:13 10 7,000 specific URLs that you were able to find on the
00:27:19 11 computer?

00:27:20 12 A. Well, just to make a little point of
00:27:24 13 clarification, when it comes up with a hit -- and I
00:27:30 14 believe we just had that one up for Realscam -- it
00:27:33 15 listed, maybe, 20 hits for that Realscam. That was most
00:27:38 16 likely during one single visit. So there could be 7,000
00:27:43 17 ones there, but they wouldn't all be unique visits, but
00:27:46 18 they would all be some unique element at that specific
00:27:51 19 date and time from that website.

00:27:52 20 Q. I was just going to go there next. Some of
00:27:56 21 those, when they show the same root website, whether
00:28:00 22 it's DinarVets.com or whatever, if there are a bunch of
00:28:07 23 different URLs on the same day, that would suggest that
00:28:10 24 whoever was using that looked at a lot of different
00:28:13 25 pages on that site, right?

00:28:15 1 A. It could be pages, or it could be different
00:28:17 2 elements on that site.

00:28:20 3 Another way you can get that -- if you've used
00:28:23 4 Google before, it has predictive results. And so as you
00:28:28 5 start to type something, it starts to give you result
00:28:32 6 hits. So if you were, for example, typing "dinar trade
00:28:36 7 value," as you were typing that, by the time you got
00:28:40 8 done typing that whole search term, it may have produced
00:28:44 9 20 or 30 of those hits from the Internet Evidence
00:28:48 10 Finder. So it's a little misleading as far as the scope
00:28:54 11 or the number of pages that may have been visited or the
00:28:57 12 number of search terms that may have been put in.

00:29:02 13 Q. Now, many of the searches that were done and the
00:29:08 14 websites that were visited over that time had to do with
00:29:14 15 the dinar and Iraqi news and financial news and those
00:29:19 16 kind of things, right?

00:29:20 17 A. That would be correct. The search terms were
00:29:24 18 specific to that type of information that would have
00:29:29 19 been excluded, non-dinar or anything outside of those
00:29:36 20 search terms.

00:29:40 21 Q. And isn't it true that there were multiple
00:29:44 22 sites --

00:29:46 23 MR. CRAWFORD: Objection. Leading.

00:29:49 24 BY MR. HARTMAN:

00:29:50 25 Q. Did you find sites that seemed to be about the

00:29:54 1 dinar in particular, such as Dinar Trade or Dinar Banker
00:30:00 2 and those kind of things?

00:30:01 3 A. That is correct.

00:30:01 4 Q. And how would you describe the amount of activity
00:30:05 5 on those sites from 2009 to 2011, just generally?

00:30:12 6 A. I would say many of those sites were consistent
00:30:15 7 over the period of time. It seemed like there were
00:30:19 8 sites maybe they were referring back to on a consistent
00:30:22 9 basis.

00:30:24 10 Q. Would you describe it as a lot of activity on
00:30:27 11 those sites, some of those sites?

00:30:30 12 A. It's hard to quantify that as "a lot." I would
00:30:35 13 say a significant amount.

00:30:37 14 Q. There were also -- the results also produced
00:30:43 15 other URLs for much more well-known websites such as USA
00:30:53 16 Today, correct?

00:30:57 17 A. Correct. I didn't do a whole lot of analysis of
00:31:02 18 the specific sites.

00:31:04 19 Q. Right. But you looked over the websites that
00:31:06 20 showed up just generally to see what they were, right?

00:31:09 21 A. In general.

00:31:10 22 Q. And the New York Times showed up?

00:31:16 23 A. I don't -- I'm sorry; I don't recall that
00:31:20 24 specific website.

00:31:21 25 Q. Okay.

00:31:22 1 A. It very well could have been.

00:31:25 2 Q. Did you see USA Today, MSNBC?

00:31:33 3 A. Yeah, NBC, and there were some links to that to a
00:31:40 4 photo -- a photo set that they had related to dinars.

00:31:46 5 Q. I'm not trying to get at exactly what was looked
00:31:49 6 at. I'm just saying that a lot of the sites were
00:31:52 7 mainstream news sites, correct?

00:31:54 8 A. That's correct.

00:31:59 9 MR. HARTMAN: I have no further questions.

00:32:02 10 Thank you, Mr. Green.

00:32:04 11 MR. CRAWFORD: No questions, Your Honor.

00:32:06 12 MR. BOSS: Mr. Green, I think you're free to
00:32:08 13 go.

00:32:08 14 THE WITNESS: Thank you very much.

00:32:14 15 THE COURT: You may step down.

00:32:16 16 THE WITNESS: Thank you.

00:32:19 17 MR. BOSS: We call Marty Torgler.

00:32:27 18 (The witness was sworn by the Court.)

00:33:01 19 - - -

00:33:01 20 MARTIN TORGLER, DIRECT EXAMINATION

00:33:02 21 BY MR. BOSS:

00:33:02 22 Q. Good morning.

00:33:09 23 A. Good morning.

00:33:10 24 Q. Please pull forward a little bit and use that
00:33:15 25 microphone; it helps us a great deal.

00:33:17 1 Would you tell the jury, the ladies and
00:33:20 2 gentlemen, what your name is?

00:33:21 3 A. My name is Martin Torgler.

00:33:23 4 Q. And, Mr. Torgler, I understand that you are now
00:33:26 5 retired; is that correct?

00:33:28 6 A. That's correct.

00:33:28 7 Q. What are you retired from?

00:33:30 8 A. I retired from the FBI.

00:33:32 9 Q. How long were you in the FBI?

00:33:34 10 A. Thirty years.

00:33:35 11 Q. What did you do there?

00:33:37 12 A. I was a Special Agent, and I ended up my career
00:33:41 13 in Detroit. My last half of my career I worked
00:33:45 14 political and public corruption in Detroit.

00:33:49 15 Q. Interesting. And are you actively working these
00:33:52 16 days, or are you retired?

00:33:53 17 A. No, I'm working as director of corporate security
00:33:57 18 for a company in Troy, Michigan.

00:33:59 19 Q. And what is that company?

00:34:00 20 A. Combine International.

00:34:02 21 Q. What do you do for them?

00:34:04 22 A. I take care of all their security work
00:34:08 23 property-wise, physical security of plants, our
00:34:15 24 intellectual security, and we have operations around the
00:34:18 25 country.

00:34:19 1 Q. Thank you. Mr. Torgler, I understand that you
00:34:22 2 are personally acquainted with Michael Teadt, a
00:34:25 3 defendant in this case?

00:34:26 4 A. Yes, I am.

00:34:27 5 Q. Can you tell us how you came to know Mike Teadt?

00:34:29 6 A. Well, years ago we went to Sunday school
00:34:32 7 together. We continued on through catechism class, and
00:34:37 8 we ended up both going to Miami University.

00:34:40 9 Q. And have you -- you've known him since grade
00:34:45 10 school?

00:34:45 11 A. Yes.

00:34:46 12 Q. And over that period of time -- and you went to
00:34:51 13 Miami University together. Have you stayed in touch
00:34:54 14 with him?

00:34:54 15 A. Occasionally I would see him at reunions at
00:35:00 16 Miami, I think was one, when he was with his wife, and
00:35:06 17 I. Later a couple years ago I was traveling with the
00:35:09 18 company I work for now, and I ran into his wife at the
00:35:12 19 airport where she was employed, Detroit Metro Airport.

00:35:16 20 Q. I see. Do you know Mike's reputation in the
00:35:23 21 community?

00:35:24 22 A. I always knew him to be of high character, good
00:35:28 23 moral person, I think caring and trustworthy. I thought
00:35:35 24 highly of him.

00:35:36 25 Q. Can you tell me whether in recent times you had

00:35:45 1 any involvement -- we're here about this BH Group
00:35:49 2 matter. Did you receive a phone call from Mike about
00:35:51 3 anything on that?

00:35:52 4 A. Yes, I did.

00:35:53 5 Q. Can you tell the jury about that, please.

00:35:55 6 A. Well, I can't recall; I think I was in my office,
00:36:00 7 maybe I was home, but anyhow, it was in July, 2011. I
00:36:04 8 believe it was the 22nd, a Friday. And Mike called me
00:36:09 9 regarding a situation that he was concerned about.

00:36:14 10 He asked me if I remembered Brad Huebner.

00:36:18 11 I said: Yes, I did.

00:36:19 12 And he went on to explain that he knew Brad and
00:36:23 13 had an office in Brad's building, and he hung around
00:36:27 14 there when he was in town. I believe he worked in New
00:36:33 15 Jersey and travelled, so forth. And then he went on to
00:36:37 16 explain the situation with an investment business that
00:36:41 17 Brad had.

00:36:43 18 Q. And did he express concern of some sort?

00:36:47 19 A. Yes, he --

00:36:49 20 MR. CRAWFORD: Objection, Your Honor. Calls
00:36:50 21 for hearsay.

00:36:51 22 THE COURT: Sustained.

00:36:53 23 BY MR. BOSS:

00:36:54 24 Q. Can you tell me what impression was created in
00:36:56 25 your mind regarding the information provided by Mike

00:37:02 1 Teadt on that phone call to you?

00:37:04 2 A. It appeared to do me that he was concerned that
00:37:07 3 Brad had gotten into --

00:37:09 4 MR. CRAWFORD: Objection, Your Honor.
00:37:10 5 Again, calls for hearsay.

00:37:13 6 THE COURT: I'll sustain that. In order to
00:37:16 7 express that opinion, there would have to be more
00:37:19 8 foundation. This is a phone call, as I understand it,
00:37:21 9 not a face-to-face meeting. Is that right?

00:37:24 10 MR. BOSS: Yes, sir.

00:37:24 11 BY MR. BOSS:

00:37:24 12 Q. Are you familiar with Michael Teadt's voice?

00:37:26 13 A. Yes, I am.

00:37:27 14 Q. Did you recognize it on the phone?

00:37:28 15 A. Yes, I did.

00:37:29 16 Q. Is it a rather distinct voice?

00:37:32 17 A. Yes.

00:37:33 18 THE COURT: I didn't mean by that -- I
00:37:36 19 apologize.

00:37:37 20 BY MR. BOSS:

00:37:38 21 Q. As a result of the phone call, what did you do?

00:37:39 22 A. I told Mike that based on what you're telling me,
00:37:44 23 you need to tell Brad he needs to get into the FBI
00:37:47 24 office in Toledo and express this honestly, tell
00:37:52 25 everything he knows to an agent in the FBI office.

00:37:58 1 Q. Did you give him contact information regarding
00:38:00 2 anybody?

00:38:01 3 A. I said at the moment all the people I knew in the
00:38:05 4 FBI in Toledo were retired, but I would get him the name
00:38:08 5 of a supervisor that he could go tell what was going on.

00:38:14 6 Q. And did you do so?

00:38:15 7 A. Yes, I did.

00:38:16 8 Q. And did you then -- did you do it right then on
00:38:19 9 that same call, or did you call Mike back?

00:38:22 10 A. I think -- that was a Friday. I think on Monday
00:38:25 11 I actually gave Brad the name of the individual to go
00:38:28 12 see in Toledo.

00:38:29 13 Q. And a phone number for him to contact somebody?

00:38:32 14 A. I believe so.

00:38:38 15 MR. BOSS: One moment, please.

00:39:00 16 (Discussion had off the record.)

00:39:01 17 MR. BOSS: No further questions. Thank you.

00:39:07 18 - - -

00:39:07 19 MARTIN TORGLER, CROSS-EXAMINATION

00:39:09 20 BY MR. KERGER:

00:39:09 21 Q. Mr. Torgler, I'm Rick Kerger on behalf of Brad
00:39:13 22 Huebner. You said you knew Brad before this call?

00:39:15 23 A. Yes.

00:39:15 24 Q. How did you know him?

00:39:17 25 A. He also went to Miami for a year, I believe.

00:39:20 1 Q. SO you sort of overlapped a year?

00:39:24 2 A. Yes.

00:39:24 3 Q. And when Brad called you, he expressed concern?

00:39:29 4 A. Yes, he did.

00:39:30 5 Q. And you told him to call who?

00:39:32 6 A. I eventually gave him the name of Tom Pearson in
00:39:37 7 the Toledo office.

00:39:38 8 Q. Tom is one of the local resident FBI agents here?

00:39:41 9 A. Yes.

00:39:42 10 MR. KERGER: That's all I have. Thank you
00:39:44 11 very much.

00:39:44 12 Excuse me one moment.

00:39:46 13 (Discussion had off the record.)

00:39:56 14 MR. KERGER: That's all. Thank you.

00:39:58 15 - - -

00:39:58 16 MARTIN TORGLER, CROSS-EXAMINATION

00:40:00 17 BY MR. CRAWFORD:

00:40:00 18 Q. Mr. Torgler, you said you understood Mr. Teadt to
00:40:18 19 be of high character, an upstanding citizen?

00:40:20 20 A. Yes.

00:40:21 21 Q. Are you familiar with his employment with S.S.
00:40:24 22 White out of New Jersey?

00:40:25 23 A. No, I'm not.

00:40:26 24 Q. Are you familiar with his application to the Wood
00:40:29 25 County Job & Family Services for Project HIRE?

00:40:32 1 A. No, I'm not.

00:40:33 2 Q. Okay. You said that you told Mr. Teadt that he
00:40:37 3 should advise Brad Huebner to go to the FBI and tell
00:40:40 4 them honestly and everything that he knew?

00:40:43 5 A. Yes.

00:40:44 6 Q. Okay. And in your experience as an FBI agent, if
00:40:48 7 someone comes in for a complaint or a proffer and only
00:40:53 8 tells you half the story, that raises your suspicion
00:40:55 9 about whether or not they're being truthful; is that
00:40:58 10 true?

00:40:58 11 MR. KERGER: Objection, Your Honor.

00:41:01 12 THE COURT: Grounds?

00:41:02 13 MR. KERGER: Basis.

00:41:04 14 THE COURT: Basis? Well, you might want to
00:41:06 15 establish with this witness a foundation for that
00:41:09 16 question. I'll sustain the objection.

00:41:10 17 BY MR. CRAWFORD:

00:41:10 18 Q. You're a long-time agent?

00:41:12 19 A. Yes.

00:41:12 20 Q. Why would you advise someone to tell honestly and
00:41:17 21 truthfully everything they know?

00:41:18 22 A. Well, when I tell people to go talk to law
00:41:22 23 enforcement, whether it be the FBI or the police
00:41:24 24 department, which I have on many times, I say: Honesty
00:41:28 25 is the best policy, and you should be honest with them;

00:41:31 1 don't tell them something that's not true.

00:41:33 2 Q. And as a former agent, when you were an FBI agent
00:41:37 3 working, why was it important for you to know whether or
00:41:40 4 not someone you were interviewing was telling you
00:41:42 5 everything they knew?

00:41:44 6 A. Because I was eventually going to take action on
00:41:47 7 that information.

00:41:49 8 Q. And if someone didn't tell you everything, and
00:41:54 9 you found out later they were being untruthful, that
00:41:57 10 would raise your suspicions about whether they were
00:42:00 11 being truthful in maybe their involvement in what you
00:42:02 12 were investigating; is that true?

00:42:05 13 A. Sure.

00:42:06 14 MR. CRAWFORD: I have no other questions,
00:42:07 15 Your Honor.

00:42:07 16 MR. BOSS: No further questions. Thank you.

00:42:14 17 THE COURT: You may step down.

00:42:18 18 MR. JACKSON: We'd call Flint Heidlebaugh.
00:42:49 19 Flint Heidlebaugh.

00:43:02 20 (The witness was sworn by the Court.)

00:43:18 21 - - -

00:43:18 22 FLINT HEIDLEBAUGH, DIRECT EXAMINATION

00:43:19 23 BY MR. KERGER:

00:43:19 24 Q. Sir, tell the jury who you are.

00:43:21 25 A. Flint Heidlebaugh.

00:43:22 1 Q. Will you spell your last name for the court
00:43:25 2 reporter.

00:43:25 3 A. H-e-i-d-l-e-b-a-u-g-h.

00:43:29 4 Q. Where do you live?

00:43:30 5 A. I live in Findlay, Ohio.

00:43:32 6 Q. What do you do there?

00:43:33 7 A. I'm a CPA.

00:43:34 8 Q. Are you recently retired?

00:43:36 9 A. I recently -- in December I sold my practice but
00:43:38 10 continued on with the purchasing firm.

00:43:41 11 Q. How long you have been a CPA?

00:43:43 12 A. Since 1981.

00:43:46 13 Q. Now, we're here about dinar. When did you become
00:43:50 14 aware of Iraqi dinar as a possible investment?

00:43:54 15 A. I believe it was three or four years ago.

00:43:56 16 Q. How did you become aware?

00:43:57 17 A. Searching around the internet and doing some
00:44:02 18 research on my own.

00:44:03 19 Q. Why were you doing the research?

00:44:05 20 A. I had heard about this investment, speculative
00:44:10 21 investment opportunity, and decided to do some looking
00:44:16 22 on my own.

00:44:16 23 Q. When you went on the internet, you saw both pros
00:44:20 24 and cons of the investment?

00:44:21 25 A. Yes, I did.

00:44:22 1 Q. You decided what?

00:44:23 2 A. I decided to make a small purchase.

00:44:25 3 Q. Did you do that?

00:44:26 4 A. Yes, I did.

00:44:27 5 Q. From whom did you purchase?

00:44:29 6 A. I purchased it from the BH Group.

00:44:31 7 Q. How did you find out about the BH Group?

00:44:34 8 A. Again, looking around on the internet trying to
00:44:39 9 find somebody in the Findlay, Ohio area, but no one in
00:44:43 10 Findlay at that time was selling dinar.

00:44:45 11 Q. You paid for your dinar and got your dinar?

00:44:46 12 A. Yes, I did.

00:44:47 13 Q. Do you still own them?

00:44:48 14 A. Yes, I do.

00:44:49 15 Q. Did you get involved in the hedge fund?

00:44:52 16 A. I made a purchase in the hedge fund.

00:44:55 17 Q. Do you still own that?

00:44:58 18 A. Yeah. It's not worth anything, but yeah.

00:45:01 19 Q. And did you understand when you paid your \$750 it
00:45:04 20 was nonrefundable?

00:45:06 21 A. Yes, I did.

00:45:26 22 Q. When you were looking around, did you happen to
00:45:28 23 run into a reference of Executive Order 13303?

00:45:33 24 A. Yes, I did.

00:45:34 25 Q. Did you read it?

00:45:35 1 A. If I recall, I read most of it. I can't say I
00:45:38 2 read every single word.

00:45:39 3 Q. And you went ahead and invested?

00:45:41 4 A. Yes, I did.

00:45:42 5 MR. KERGER: That's all I have, sir. Thank
00:45:44 6 you very much.

00:45:47 7 MR. BOSS: No questions.

00:45:49 8 MR. NIGHTINGALE: No, Your Honor.

00:45:50 9 THE COURT: Any cross?

00:45:51 10 MR. CRAWFORD: No questions.

00:45:53 11 MR. KERGER: You're free to go.

00:45:56 12 Your Honor, defendant calls Brad Huebner to
00:45:59 13 the stand.

00:46:01 14 MR. CRAWFORD: Your Honor, if we could have
00:46:02 15 a sidebar for a second.

00:46:17 16 (Whereupon the following discussion was had
00:46:30 17 at the bench outside the hearing of the jury:)

00:46:30 18 THE COURT: Mr. Huebner, I want to discuss
00:46:34 19 with you you're about to give testimony in this case,
00:46:38 20 and I want to make sure you understand that as a
00:46:40 21 defendant in a criminal case, you have the right not to
00:46:43 22 testify in this case. And if you do not testify, I will
00:46:48 23 instruct the jury they cannot hold that against you.
00:46:52 24 Specifically, I will instruct them that they cannot
00:46:56 25 infer your guilt or find you guilty because you did not

00:46:59 1 testify. Do you understand that?

00:47:02 2 DEFENDANT HUEBNER: I do.

00:47:03 3 THE COURT: You've had conversation with
00:47:05 4 your counsel about whether or not to testify, and it is
00:47:07 5 your decision to testify in this trial; is that correct?

00:47:11 6 DEFENDANT HUEBNER: That's true.

00:47:11 7 THE COURT: Do you have any questions of me?

00:47:14 8 DEFENDANT HUEBNER: No.

00:47:15 9 THE COURT: Okay. Thank you all.

00:47:17 10 (End of sidebar discussion.)

00:47:35 11 (The defendant is sworn by the Court.)

00:47:47 12 - - -

00:47:47 13 BRADFORD HUEBNER, DIRECT EXAMINATION

00:47:49 14 BY MR. KERGER:

00:47:49 15 Q. You are Brad Huebner?

00:47:51 16 A. I am Brad Huebner.

00:47:51 17 Q. Where do you live?

00:47:52 18 A. I live at 2936 Pembroke, Ottawa Hills, Ohio.

00:47:56 19 Q. You grew up in Toledo?

00:47:57 20 A. All my life.

00:47:58 21 Q. How long has the Huebner family been in Toledo?

00:48:01 22 A. Four generations.

00:48:04 23 Q. Been involved in business in Toledo?

00:48:06 24 A. Yes. My great-grandfather was a master brewer
00:48:10 25 from Germany, came over and started the Huebner Brewery,

00:48:14 1 which in those days was the largest brewery in
00:48:17 2 northwestern Ohio, comparable to, say, like a Budweiser
00:48:21 3 at the time.

00:48:22 4 Q. And the family continued the business in this
00:48:25 5 area?

00:48:26 6 A. Yes. My grandfather then bought the Hardy
00:48:29 7 Dishner Company, at the time was servicing the lake
00:48:33 8 freighters with their needs for different supplies.

00:48:36 9 Q. Where did you go to school? High school.

00:48:42 10 A. I'd -- what about my father?

00:48:47 11 Q. Tell me about your father?

00:48:48 12 A. Yeah, my father then joined Hardy Dishner and
00:48:52 13 diversified the business into industrial supplies, like
00:48:57 14 pipe valves and fittings. Then when I came back, I
00:49:01 15 joined the firm. But quite honestly, the real
00:49:05 16 entrepreneur in my family is my mother. Seventy-two
00:49:11 17 years ago she started her own business, which obviously
00:49:14 18 at the time was very unusual. She was a nursery school
00:49:19 19 teacher, had two generations of Toledoans in a school
00:49:23 20 called Gateway Nursery School. Her second career was at
00:49:27 21 the Toledo Museum as a docent for 25 years. Her third
00:49:32 22 career has been in starting a family art museum at the
00:49:38 23 Toledo Botanical Gardens, which is the Blair Museum of
00:49:42 24 Lithophanes.

00:49:45 25 THE COURT: Can I ask you to take that

00:49:47 1 microphone and -- it's not picking you up. Get closer,
00:49:52 2 or you can push it to the left or right or up or down.

00:49:58 3 THE WITNESS: Is this better?

00:49:59 4 Q. You went to high school?

00:50:00 5 A. I went to Whitmer High School.

00:50:02 6 Q. Play sports?

00:50:04 7 A. I did. I played basketball, baseball, but
00:50:08 8 football was my main sport.

00:50:10 9 Q. In terms of honors in high school --

00:50:14 10 A. My biggest honor was being elected co-captain of
00:50:17 11 the team my senior year. I was then first team
00:50:19 12 all-league, all-district, then had a state-wide honors.

00:50:24 13 Q. Go on to college?

00:50:26 14 A. Well, also at Whitmer I'd just like to mention
00:50:32 15 that probably one of the biggest honors I've ever had
00:50:37 16 was being inducted into the Whitmer Hall of Fame.

00:50:40 17 Then I went on to college.

00:50:42 18 Q. Where?

00:50:43 19 A. I had many opportunities presented to me to go to
00:50:50 20 college, but I was impressed with a young coach out of
00:50:56 21 Miami, Ohio that sat in my living room and told me what
00:50:59 22 a great opportunity I would get from him. And that
00:51:02 23 turned out to be Bo Schembechler.

00:51:05 24 Q. Did you go to Miami?

00:51:06 25 A. I did.

00:51:06 1 Q. Did you play for Bo?

00:51:08 2 A. I did. I played my freshman year. And after
00:51:11 3 that I actually returned to the University of Toledo,
00:51:16 4 and I red shirted a year, and then I played linebacker
00:51:21 5 on the first championship football team for the
00:51:25 6 Mid-American Conference for the University of Toledo.

00:51:29 7 Q. What courses, or what was your major?

00:51:31 8 A. I was a business administration major, and I
00:51:34 9 graduated with a BBA degree with a 3 point average.

00:51:37 10 Q. What year was that?

00:51:38 11 A. It was in 1969.

00:51:41 12 Q. When you were in the University of Toledo, did
00:51:45 13 you become involved with the ROTC?

00:51:47 14 A. Yes. When I transferred back from Miami of Ohio,
00:51:50 15 I was out of school. They were on trimesters; the
00:51:54 16 University of Toledo was on semesters. And in those
00:51:56 17 days if you were out of school for more than four
00:51:58 18 months, the draft board would nab you and basically put
00:52:01 19 you in the military. So I joined -- I made a
00:52:05 20 commitment, a two-year commitment to the Army ROTC.

00:52:09 21 Q. Did you fulfill that commitment?

00:52:11 22 A. I did. I spent two years at -- when I was at the
00:52:19 23 University of Toledo, our colonel really liked the
00:52:26 24 football players there, and he gave me probably some of
00:52:29 25 the most prophetic words of my life that probably saved

00:52:33 1 my life, and he told me if I finished first or second in
00:52:38 2 my platoon at the summer camp, that we were called
00:52:42 3 90-day wonders, becoming a lieutenant, that I would be
00:52:47 4 able to actually choose the branch of the military I
00:52:50 5 would go into; or otherwise, I would get three choices,
00:52:53 6 and that would be infantry, artillery, or combat, the
00:53:00 7 three combat branches of the U.S. Army. And so that was
00:53:04 8 a little bit of an incentive.

00:53:06 9 I finished second in my platoon next to a West
00:53:10 10 Point gentleman, and I received a distinguished military
00:53:16 11 graduate, one of three out of the core of cadets of 125.

00:53:21 12 Q. Did you go into the military after you graduated?

00:53:23 13 A. I did.

00:53:24 14 Q. Where did you go?

00:53:25 15 A. I was first to sign to Boise, Idaho running an
00:53:30 16 induction station in Boise.

00:53:33 17 Q. Where did you go after that?

00:53:34 18 A. I got a phone call from Washington D.C. alerting
00:53:40 19 me that I was going to be going to Vietnam and that I
00:53:43 20 was going into a very elite group, and I had to have
00:53:47 21 extensive background checks, and then I had to go to the
00:53:50 22 Pentagon to receive other specialized training.

00:53:53 23 Q. What did you do in Vietnam?

00:53:55 24 A. I was part of a group of officers, and we handled
00:54:01 25 all of the top secret information for all of the armed

00:54:04 1 forces.

00:54:05 2 Q. Did you travel?

00:54:07 3 A. Every day I was on a mission, whether it was on a
00:54:11 4 truck or all types of aircraft, whether it be
00:54:16 5 helicopters or C-130, C-123s, landing on boats in the
00:54:23 6 Mekong River, landing on aircraft carriers out in the
00:54:27 7 Gulf of Tonkin. But every day travelled on missions
00:54:31 8 watching and couriering top secret information for the
00:54:34 9 four different corps in Vietnam.

00:54:39 10 Q. Ultimately your service ended?

00:54:41 11 A. Yes, it did.

00:54:43 12 Q. You were discharged honorably?

00:54:47 13 A. I was honorably discharged.

00:54:48 14 Q. Where did you go?

00:54:49 15 A. I came back to Toledo, Ohio. In those days you
00:54:53 16 didn't get a parade when you came home; you didn't even
00:54:56 17 tell anybody you were in the service. But I then joined
00:55:00 18 my family business that I had worked at every summer
00:55:03 19 while growing up as a full time employee.

00:55:08 20 Q. What did you do when it started?

00:55:10 21 A. Well, since I had every job pretty much in the
00:55:13 22 company, I started at a management team, and my father
00:55:19 23 had enough confidence that he gave me enough rope to
00:55:24 24 start making some changes. The company had gotten
00:55:28 25 older, and they were all my dad's people, and it needed

00:55:34 1 an infusion of youth into the company.

00:55:37 2 Q. Did you make that happen?

00:55:38 3 A. I did. I put a tremendous team of people
00:55:41 4 together. And over the next 20 years we grew that
00:55:45 5 company from \$2 million to approximately \$100 million.
00:55:49 6 And the ironic part about it was that in that time
00:55:55 7 northwest Ohio was losing a tremendous amount of
00:55:59 8 industry. So we had to be very creative on growing the
00:56:03 9 business in a geographic area that was basically dying
00:56:09 10 industrially. And fortunately my team was very
00:56:16 11 creative, and we really had a large part of our growth
00:56:23 12 helping to build all the Japanese automobile plants that
00:56:29 13 happened back in the -- I believe that was the '70s and
00:56:33 14 '80s, starting with Honda in Ohio. And each of the
00:56:37 15 Japanese car companies picked a different state so they
00:56:40 16 could get two senators, a congressman. And Nissan took
00:56:45 17 Tennessee; Ohio took Honda; Michigan got Mazda; Toyota
00:56:51 18 to went to Kentucky, and Mitsubishi went to Indiana.
00:56:55 19 And they all used the I-75 corridor as their
00:56:58 20 distribution channel.

00:57:00 21 Q. Did you come up with an approach to try to help
00:57:03 22 get the auto industry --

00:57:03 23 THE COURT: I'm sorry; I couldn't hear the
00:57:09 24 question.

00:57:09 25 MR. CRAWFORD: I'm going to object to

00:57:11 1 relevancy to things that happened decades before
00:57:14 2 anything in this case.

00:57:16 3 MR. KERGER: Your Honor, he's on trial for a
00:57:17 4 serious matter.

00:57:19 5 THE COURT: I allow the question.

00:57:27 6 I'll ask you to repeat The question, please.

00:57:31 7 MR. KERGER: I'll do my best.

00:57:31 8 BY MR. KERGER:

00:57:54 9 Q. You came up with different ways to approach the
00:57:58 10 auto industry to try to get Hardy Dishner more of that
00:58:01 11 business?

00:58:01 12 A. That's correct.

00:58:03 13 Q. What did you do?

00:58:03 14 A. We opened branches in Lima, Ohio; in Cincinnati,
00:58:07 15 Ohio; expanding in the Ohio markets. And then I created
00:58:13 16 the first steel service center in the United States for
00:58:18 17 tubular products. And in the distribution business when
00:58:22 18 you're dealing with commodities it's a very
00:58:24 19 price-sensitive issue. And when you're able to
00:58:28 20 customize a piece of steel, for example, and put value
00:58:33 21 added on, you can increase your profit margins. And we
00:58:40 22 were recognized nationally quite a bit for that. And it
00:58:45 23 ultimately led to our ability to grow a business in the
00:58:49 24 declining area and be extremely profitable.

00:58:53 25 MR. KERGER: Could I have Exhibit 603,

00:58:55 1 please.

00:58:58 2 BY MR. KERGER:

00:58:58 3 Q. Tell us what that is.

00:58:59 4 A. This is -- I was a charter member of the National
00:59:02 5 Association of Steel Pipe Distributors. This contained
00:59:10 6 the oil country tubular products people and the line
00:59:14 7 pipe people. I was with line pipe. This happens to be
00:59:18 8 a convention.

00:59:19 9 Q. Go to the second page, please. Is that you?

00:59:38 10 A. It looks like me.

00:59:39 11 Q. And why did they have you?

00:59:44 12 A. I was asked to speak and go over what I was
00:59:48 13 working on with the steel distribution center, and it
00:59:51 14 was basically called diversification and add valorem,
00:59:56 15 meaning value added.

01:00:08 16 MR. KERGER: 604, please.

01:00:11 17 Q. Is that you on the cover?

01:00:12 18 A. That's me.

01:00:13 19 Q. Do you know why you were featured on the cover?

01:00:15 20 A. This is the magazine for the American Supply
01:00:19 21 Association, which is the largest trade group in the
01:00:22 22 United States containing all of the plumbing houses,
01:00:28 23 air-conditioning and pipe valve and air-conditioning
01:00:31 24 fitters. Once a year they give the front cover to the
01:00:34 25 industrial piping -- this is actually the second time we

01:00:38 1 were given that opportunity in a four-year span, and it
01:00:42 2 was all about focusing on the steel evolution of our
01:00:47 3 steel service center.

01:00:49 4 Q. About what year was this?

01:00:51 5 A. This is about 1988.

01:00:55 6 Q. Did the Hardy Dishner company have to close?

01:01:00 7 A. In 1988 I was -- for four years I was the
01:01:05 8 chairman of the Industrial Piping Division and led that
01:01:10 9 national organization.

01:01:12 10 Q. And then did there come a time when Hardy Dishner
01:01:15 11 had a problem with its bank?

01:01:17 12 A. Yes, it did. It was about 1991. The bank that
01:01:20 13 my family had been with for three generations, Toledo
01:01:23 14 Trust, basically went bankrupt. And their assets were
01:01:29 15 sold to a bank called Society, which later was acquired
01:01:33 16 by Key Bank.

01:01:34 17 Q. What happened to your loan?

01:01:37 18 A. They called our loan.

01:01:39 19 Q. Were you in default?

01:01:40 20 A. No, we weren't in default, but they just called
01:01:43 21 our loan.

01:01:44 22 Q. They didn't want to give you any more money?

01:01:46 23 A. They wanted to get rid of the previous loans.

01:01:50 24 Q. Could you find financing elsewhere?

01:01:54 25 A. I did temporarily for a couple years, and then a

01:01:58 1 severe recession hit, and it was a loan where I had to
01:02:04 2 sign personal guarantees on everything. And my
01:02:10 3 attorneys advised me not to go forward and sign new loan
01:02:17 4 documents because they knew the loan would be foreclosed
01:02:20 5 very soon after by the bank.

01:02:23 6 Q. And the business closed?

01:02:24 7 A. Yes. I closed the business. But more
01:02:26 8 importantly I was proud that I was able to get all my
01:02:29 9 employees jobs, because we had great employees.

01:02:33 10 Q. Did you have a job?

01:02:34 11 A. No.

01:02:35 12 Q. What did you do?

01:02:36 13 A. I had a pity party for a weekend. And then
01:02:42 14 reality set in, and it was the first time I'd been
01:02:45 15 unemployed in my life.

01:02:46 16 Q. Did you have a wife and family?

01:02:48 17 A. Yes.

01:02:48 18 Q. So what did you do?

01:02:50 19 A. I started exploring all my opportunities at that
01:02:55 20 time. I was 43 years old at the time.

01:02:58 21 Q. You told me demographics were important to you.
01:03:01 22 Can you tell the jury why?

01:03:02 23 A. I studied demographics because demographics is
01:03:06 24 the movement of people. And if you know where people
01:03:10 25 are going to go, then you know where to invest. An

01:03:15 1 example would be I did not buy real estate in Toledo,
01:03:21 2 Ohio because people were leaving Toledo, Ohio. I bought
01:03:24 3 real estate in Tennessee because the demographic showed
01:03:29 4 movements of people moving to the mid south and the
01:03:31 5 south. I bought real estate in Idaho, which was a very
01:03:35 6 hot area in the United States. So if you know where
01:03:38 7 people are going to go, you can basically then plan your
01:03:43 8 business around at least a positive environment.

01:03:48 9 Q. At this time you were looking for a job did you
01:03:53 10 become familiar with what's called multilevel marketing?

01:03:56 11 A. I did.

01:03:57 12 Q. We've heard that term a lot, but I'm not sure it
01:03:59 13 was explained exactly. What is it? What is multilevel
01:04:03 14 marketing?

01:04:04 15 A. To me multilevel marketing or network marketing
01:04:07 16 is the purest form of capitalism. I had just come out
01:04:12 17 of a business environment where I had millions and
01:04:15 18 millions of dollars on the line between plant equipment,
01:04:20 19 inventory, payroll. The faster I grew my business, the
01:04:24 20 more I became a bank having to offer credit to my
01:04:28 21 employ -- or to my customers. Very risky. When I
01:04:36 22 first got in touch with network marketing, network
01:04:40 23 marketing allows you to have a business without all of
01:04:44 24 the risks of a traditional business. And with what I
01:04:47 25 had just gone through, I found it extremely interesting,

01:04:51 1 and so I looked further into that.

01:04:54 2 Q. Did you find an opportunity?

01:04:58 3 A. I did. I found a company called Nu Skin, N-u
01:05:04 4 S-k-i-n, International; that was out of Provo, Utah.

01:05:10 5 Q. What did it sell?

01:05:11 6 A. It sold skin care and hair care products.

01:05:14 7 Q. Did you join?

01:05:15 8 A. I did. And so I went from pipe valves and
01:05:19 9 fittings to skin care and hair care. It was a stretch,
01:05:23 10 but it was an amazing company. And these two gals
01:05:29 11 started a business out of their garage, and we ended up
01:05:33 12 taking them to the New York Stock Exchange.

01:05:35 13 Q. Were you successful in the business?

01:05:37 14 A. I was.

01:05:40 15 Q. Now, at some point you wound up in Japan. How
01:05:43 16 did that come about?

01:05:44 17 A. About two months after I had committed to Nu
01:05:51 18 Skin, I was looking at 20/20 one night, Hugh Downs and
01:05:55 19 Barbara Walters, and I was all excited because my upline
01:05:59 20 told me Nu Skin was going to be on television. That
01:06:02 21 excitement turned into very dismay because the Attorney
01:06:05 22 General from the State of Michigan was on with two
01:06:08 23 attorneys from Nu Skin. And I'll never forget that. It
01:06:14 24 also happens that Michigan is the domicile for Amway
01:06:18 25 Corporation. And Nu Skin was absolutely gaining a lot

01:06:23 1 of ground on Amway at the time. And here you go again,
01:06:29 2 politics. And I remember the Attorney General holding
01:06:34 3 up our pay plan, and it had the various steps, and said:
01:06:38 4 See, ladies and gentlemen, this is a pyramid scheme.
01:06:40 5 It's the same type of compensation plan that Amway had,
01:06:44 6 but visually it really harpooned Nu Skin in the United
01:06:51 7 States.

01:06:51 8 But they had just gone on to their first venues
01:06:59 9 of international marketing, and they had opened up in
01:07:04 10 Hong Kong and Taiwan.

01:07:08 11 Q. Ultimately this same company, Nu Skin, got
01:07:10 12 registered on the New York Stock Exchange of the United
01:07:14 13 States?

01:07:14 14 A. That's correct. And I was -- I had a lot of
01:07:17 15 experience dealing internationally buying steel all over
01:07:20 16 the world. And I had a lot of contacts in Asia. I knew
01:07:25 17 the work ethic of the Asians, and I really was excited
01:07:29 18 to try and build internationally because the United
01:07:33 19 States market had taken a severe hit.

01:07:36 20 Q. Did you get that chance?

01:07:37 21 A. I did. I actually found a young man here in
01:07:43 22 Toledo. He was a Chinese man, and I literally took him
01:07:47 23 into my home. And my wife wasn't real pleased about
01:07:51 24 that. He would be cooking in his wok in our kitchen.
01:07:57 25 And I got him clothing and everything and sent him out

01:08:00 1 to the island of Guam where we were allowed to market to
01:08:05 2 the Japanese until we opened the country of Japan. And
01:08:09 3 he spoke fluent Chinese and Japanese.

01:08:13 4 Q. Is Guam part of Japan? Why would the Japanese --

01:08:19 5 A. Guam is actually a territory of the United States
01:08:24 6 of America. And it is a huge resort for Japanese
01:08:31 7 tourists.

01:08:32 8 Q. And how did you get your product to those
01:08:36 9 tourists?

01:08:37 10 A. I eventually went out to Guam, which I can tell
01:08:40 11 you is on the other side of the world. It takes a full
01:08:43 12 day to get there by plane. And I went there. I looked
01:08:48 13 in the phone book for tour companies. I had an idea.
01:08:52 14 I'll never forget, there was a guy by the name of Bruce
01:08:56 15 Klopenberg [phonetically], a German. I just called him
01:08:59 16 up and said: Here's a German from the mainland; can I
01:09:02 17 come and talk to you? He said, Sure. I told him my
01:09:05 18 idea. It turned out that his best friend was a Japanese
01:09:08 19 gentleman, Oni Ason [phonetically], who had the largest
01:09:12 20 Japanese tour company. And my idea turned out to be a
01:09:16 21 real winner because the American product was about a
01:09:21 22 third of the cost of the Japanese product. Everything
01:09:25 23 in Japan is two to three times more expensive. And the
01:09:30 24 way the U.S. Postal System works is if you can get -- we
01:09:38 25 can get product all the way out in the Pacific from Utah

01:09:41 1 as if it was only going to the last zone in California.
01:09:45 2 So I literally could get all the product that was a
01:09:48 3 third of the price of the Japanese product all the way
01:09:51 4 out to the Pacific. And so we started introducing it on
01:09:56 5 all the tour busses to the Japanese.

01:09:58 6 Q. So you did that ultimately on the mainland of
01:10:02 7 Japan?

01:10:02 8 A. It was so successful in Guam, I took that program
01:10:06 9 to Saipan, which is a U.S. commonwealth that is only
01:10:10 10 about a 45-minute flight from Guam. Then I took it back
01:10:13 11 to Hawaii where a lot of the Japanese tourists went.

01:10:18 12 Q. Do you speak Japanese?

01:10:19 13 A. Just a few words.

01:10:21 14 Q. Do you speak any language other than English?

01:10:24 15 A. No.

01:10:25 16 Q. Did you expand into Japan?

01:10:26 17 A. I then went and moved to Tokyo. That will take
01:10:30 18 your breath away with the prices there. And I actually
01:10:33 19 commuted from Tokyo to Toledo for seven years, spending
01:10:38 20 two months at a time in Japan, and one month back here.

01:10:43 21 Q. You were successful?

01:10:44 22 A. Yes, I was.

01:10:45 23 Q. Did there come a time when you had to leave Nu
01:10:49 24 Skin.

01:10:49 25 A. I was so successful with my project that the

01:10:52 1 Japanese country manager went to Nu Skin because all the
01:10:58 2 blue diamond, the leaders of Japan, which was the same
01:11:02 3 rink I was at, were very upset because all of their
01:11:06 4 customers were buying their Nu Skin products when they
01:11:09 5 went on vacation in Saipan, Guam, and Hawaii, which was
01:11:13 6 from me, instead of buying the Japanese product, which
01:11:15 7 is three times more expensive.

01:11:18 8 Q. So what happened?

01:11:18 9 A. Well, there wasn't much of a question for
01:11:21 10 Nu Skin. Brad or Japan? And the Japanese market
01:11:26 11 became our first billion-dollar market. They cut my
01:11:29 12 program off so that I couldn't use my marketing label
01:11:33 13 that we had to have. And that really upset me after I'd
01:11:38 14 spent seven years developing it.

01:11:40 15 Q. So you had to stop?

01:11:41 16 A. Well, I came back, and I was still getting some
01:11:44 17 residual income. But that ripped my heart out,
01:11:49 18 basically.

01:11:49 19 Q. What did you do then?

01:11:51 20 A. I came back to the United States. And over the
01:11:54 21 last 30 years I had started buying real estate when I
01:11:58 22 was 21 years old in Boise, Idaho. And then I had
01:12:02 23 started buying real estate in Tennessee. I was
01:12:05 24 positioning myself, my company, to be able to market to
01:12:10 25 General Motors because they were moving their Saturn

01:12:13 1 plant, and I was going to acquire a firm up in Detroit.
01:12:18 2 And I had branched throughout Ohio. So we would have
01:12:21 3 been one of the only firms to go to General Motors and
01:12:23 4 be able to take care of all their plants in those three
01:12:26 5 states.

01:12:28 6 Q. Did you get into real estate then?

01:12:31 7 A. I did.

01:12:32 8 Q. Development?

01:12:33 9 A. I did.

01:12:33 10 Q. Did that go reasonably well?

01:12:35 11 A. It went very well.

01:12:37 12 Q. Did you have a deal in Tennessee with the Frist
01:12:39 13 family?

01:12:40 14 A. Senator William Frist was from Tennessee, but his
01:12:43 15 family is most well-known as the owners and founders of
01:12:47 16 Hospital Corp. of America.

01:12:49 17 Q. What's that?

01:12:50 18 A. Pardon me?

01:12:52 19 Q. That is that?

01:12:52 20 A. Hospital Corp. of America, I believe, is probably
01:12:55 21 the first or second largest health care organization in
01:12:58 22 the United States with hospitals, health care.

01:13:03 23 Q. You sold some of your real estate in Tennessee to
01:13:05 24 them?

01:13:06 25 A. I sold 65 acres of real estate to them. And then

01:13:09 1 I bought off of I-40.

01:13:15 2 Q. You also continued to do some multilevel
01:13:20 3 marketing?

01:13:22 4 A. I did. With my commitment to Asia, I got known
01:13:26 5 in the industry as Mr. Asia because I was one of the
01:13:29 6 only Americans that actually went and committed and
01:13:31 7 stayed in Asia. And so all these companies had seen the
01:13:37 8 success that Amway and now Nu Skin had in these
01:13:42 9 international markets. And they all wanted entry into
01:13:46 10 those markets. So whenever a company wanted to go to
01:13:49 11 the Asian market, I always got the phone call.

01:13:55 12 Q. There came a time when the real estate business
01:13:59 13 went away. Do you recall when that was?

01:14:02 14 A. I'll never forget it. At the end of 2007, 2008,
01:14:10 15 the real estate market in the United States absolutely
01:14:14 16 tanked. The banks were again a huge problem. And real
01:14:20 17 estate, which had really been carrying our economy in
01:14:24 18 the United States as we lost our industrial
01:14:27 19 manufacturing base, it had been growing artificially
01:14:30 20 because of the superficial demand on the increase of
01:14:34 21 real estate. And when that went, the reality of our
01:14:40 22 true economy set in.

01:14:43 23 Q. So in 2008 what did do you?

01:14:46 24 A. Well, you know, it's kind of like the same
01:14:50 25 experience with H & D, pity party for a weekend, then

01:14:54 1 you start looking at: Okay, what do I do next? I
01:14:58 2 looked -- my youngest daughter at the time, we wanted to
01:15:03 3 do something together. I looked at the opportunities,
01:15:08 4 studying demographics again. The baby boomers, if you
01:15:12 5 follow them -- Lee Iacocca was brilliant with that
01:15:16 6 concept. And I looked at what I thought would be wealth
01:15:24 7 industries. One of them was basically the energy
01:15:28 8 industry. That's about the time that everybody started
01:15:30 9 talking about solar and wind and all that. I also was
01:15:36 10 looking at the insurance industry. And the other was
01:15:43 11 health care, with the aging of the boomers. I
01:15:46 12 ultimately decided to go into the energy industry, and I
01:15:50 13 opened up a company called Energy Saver Advisors.

01:15:56 14 Q. We're going to talk about that in just a second.
01:15:58 15 But as a business did you feel you had to have an
01:16:03 16 office?

01:16:03 17 A. Yes, I did.

01:16:04 18 Q. Did you find one?

01:16:05 19 A. My daughter and I were looking at different
01:16:09 20 offices, and a friend of ours, who is a local attorney,
01:16:13 21 had a building on St. Clair Street, and there was a
01:16:15 22 couple small offices there. And we were looking at
01:16:19 23 that. And that day we went out in front of the
01:16:21 24 building, and we looked across the street, and there was
01:16:24 25 a real estate sign that was kind of sagging in the

01:16:26 1 second floor of the building above Fricker's. And I
01:16:31 2 looked at it and I go: That has to be looking out onto
01:16:35 3 Fifth Third Field. So I called the company, which was
01:16:40 4 DiSalle Real Estate, and they said that they had just
01:16:43 5 lost the listing and to call this other company; I can't
01:16:49 6 remember which one it was now. But anyway, my best
01:16:52 7 friend's son was an agent for that. I called him, and I
01:16:55 8 said: Marcus, get the keys for this and come over and
01:17:00 9 show me this piece. And when I -- when my daughter and
01:17:06 10 I went into that building, I couldn't believe what I
01:17:09 11 saw, because we were inside Fifth Third Field looking
01:17:13 12 out right onto the ballpark. And I learned that there
01:17:18 13 is only two baseball stadiums in the United States that
01:17:21 14 do that; one is Toledo Mud Hens, and the other is the
01:17:26 15 Texas Rangers that was owned by the Bush family.

01:17:29 16 Q. Did you get the space?

01:17:32 17 A. I did.

01:17:33 18 Q. Was it finished?

01:17:35 19 A. It was totally barren. And it had been sitting
01:17:38 20 there for a year and a half.

01:17:41 21 Q. You had to finish the inside of the building?

01:17:43 22 A. Yes.

01:17:43 23 Q. Whose money was spent to do that?

01:17:45 24 A. My money.

01:17:47 25 Q. Now, let me show you a few of the receipts.

01:17:52 1 These are a part of Exhibit 504.

01:18:06 2 This is a receipt, and it's from 2008?

01:18:12 3 A. Yes, sir.

01:18:13 4 Q. What's it relate to?

01:18:16 5 A. This relates to a hotel invoice at the Red Roof
01:18:23 6 for a Mr. Charlie Sturman, who I had brought in to
01:18:26 7 interview to see if he might be interested in becoming a
01:18:29 8 rep for me for Energy Saver Advisors.

01:18:45 9 Q. Now, what's the date on this?

01:18:47 10 A. This is -- the invoice date is October 31, 2008.

01:18:53 11 Q. The one you just saw was September 30, 2008?

01:18:56 12 A. Right.

01:18:56 13 Q. What's this one relate to?

01:18:58 14 A. I had initially looked at opening something in
01:19:04 15 the insurance industry. You know, when a homeowner has
01:19:08 16 a claim, water, fire damage, the insurance companies
01:19:12 17 come out, and they can be -- they can really take
01:19:16 18 advantage of homeowners, just giving them a check, and
01:19:20 19 the homeowner just takes the money, and there's nowhere
01:19:24 20 near the coverage. A public adjuster is the medium
01:19:28 21 that -- between you and the insurance company. And this
01:19:34 22 looked like a very interesting business. But the more I
01:19:38 23 got into it, I decided to focus more on the energy
01:19:46 24 business.

01:19:47 25 THE COURT: Same exhibit? Is this all part

01:19:49 1 of 504?

01:19:51 2 MR. KERGER: All of these are part of 504.

01:19:57 3 BY MR. KERGER:

01:19:57 4 Q. This is for USA Public Adjusters.

01:20:02 5 A. Right.

01:20:04 6 Q. And it relates to what?

01:20:08 7 A. This is, I believe, our -- I think it's a smart
01:20:15 8 board for our conference room. Wait a second. What's
01:20:18 9 the company? Is that to Toledo Sign? This is the
01:20:25 10 outside sign that is displayed on St. Clair Street.

01:20:27 11 Q. That was for USA Public Adjusters?

01:20:30 12 A. Yes.

01:20:31 13 Q. Is that out there now?

01:20:32 14 A. No. The sign is, but it's been changed to
01:20:36 15 Commercial Energy Products.

01:20:38 16 Q. When did they take place, roughly?

01:20:41 17 A. Commercial Energy Products?

01:20:42 18 Q. Right.

01:20:42 19 A. I think it was in around June or July of 2010.

01:20:59 20 Q. Again, this is an invoice that you paid?

01:21:03 21 A. Yes.

01:21:03 22 Q. This is for Energy Saver Advisors?

01:21:05 23 A. Yes, it is.

01:21:10 24 Q. The date is December of 2008?

01:21:11 25 A. Correct.

01:21:19 1 Q. This is, again, Energy Saver Solutions. Did
01:21:23 2 somebody get the name wrong?

01:21:25 3 A. Yes.

01:21:25 4 Q. This is December of 2008?

01:21:26 5 A. Yes.

01:21:27 6 Q. And it's for about \$8,000. What was it for?

01:21:30 7 A. Energy Saver Advisors, the idea of that company
01:21:35 8 was two-fold: to be able to give energy audits to
01:21:40 9 commercial and residential entities, where we would have
01:21:45 10 people go out and tell you exactly what to do in your
01:21:48 11 home or business to save money. And then, for example,
01:21:53 12 this invoice was for power units, residential and
01:21:58 13 commercial power units that you could put on between the
01:22:03 14 incoming power and your actual power, and it would help
01:22:06 15 you save energy on a continual basis. So we had various
01:22:13 16 products of energy saving.

01:22:15 17 Q. And you were serious enough about Energy Saver
01:22:19 18 Advisors you spent \$8,000 on that equipment?

01:22:21 19 A. That's correct.

01:22:22 20 Q. Your money?

01:22:22 21 A. My money.

01:22:25 22 Q. Have you heard of a company called NBS?

01:22:28 23 A. NBS? Yes.

01:22:29 24 Q. What did it do?

01:22:30 25 A. They were an office design place that actually

01:22:34 1 ended up moving right across the street from us on St.
01:22:39 2 Clair.

01:22:39 3 Q. And these are three pages of an invoice sent to
01:22:45 4 you?

01:22:45 5 A. Correct.

01:22:46 6 Q. What was it for?

01:22:48 7 A. NBS came in and designed the whole cubicle
01:22:52 8 network system so that I could have utilized the space
01:22:57 9 to the best degree.

01:22:58 10 Q. What were you going to use the cubicles for?

01:23:03 11 A. To put representatives.

01:23:04 12 Q. Of?

01:23:05 13 A. Of Energy Saver Advisors.

01:23:06 14 Q. And it's got a charge of \$16,000 that you paid?

01:23:09 15 A. Correct.

01:23:11 16 Q. Do you know about how much you paid in total?

01:23:14 17 A. I think for -- I think all in all over \$100,000
01:23:18 18 with Energy Saver Advisors getting the offices outfitted
01:23:25 19 and absorbing the losses, trying to get a new business
01:23:29 20 started.

01:23:39 21 Q. Can you tell us what this is?

01:23:41 22 A. This is where I went to a job fair out at the
01:23:44 23 Lucas County Rec. Center looking to -- at that time we
01:23:51 24 were looking for people for Energy Saver Advisors and
01:23:56 25 public adjusting.

01:23:57 1 Q. That's September 17?

01:23:59 2 A. That's correct.

01:24:00 3 Q. And that's '08?

01:24:01 4 A. Yes.

01:24:02 5 Q. The cancelling date down there.

01:24:06 6 So you're looking at both of those opportunities
01:24:08 7 back in '08?

01:24:09 8 A. Right. The one thing I learned with Hardy &
01:24:13 9 Dishner Company, I would vow I would never put all my
01:24:16 10 eggs in one basket again. I would always have a game
01:24:21 11 plan B.

01:24:27 12 Q. Tell us what this is. It's a multipage document.

01:24:31 13 A. This is a business plan I created for Energy
01:24:33 14 Saver Advisors.

01:24:33 15 Q. And that's dated '09?

01:24:35 16 A. Yes.

01:24:37 17 Q. So we've got the place built, then you're working
01:24:40 18 on getting Energy Saver Advisors going?

01:24:51 19 A. Correct.

01:24:52 20 THE COURT: Did you refer to any exhibits
01:24:53 21 other than 504 during that sequence, please?

01:24:58 22 MR. KERGER: That was the only exhibit. The
01:25:00 23 other two were just to refresh his recollection.

01:25:03 24 THE COURT: Thank you.

01:25:07 25 BY MR. KERGER:

01:25:08 1 Q. Now, in 2009 do you recall approaching Wood
01:25:11 2 County?

01:25:11 3 A. Yes.

01:25:11 4 Q. What did you approach Wood County -- how did you
01:25:14 5 come to do that?

01:25:15 6 A. Well, on the television they were --

01:25:17 7 THE COURT: Actually, is this a good break?
01:25:21 8 We're going into a new topic?

01:25:23 9 MR. KERGER: Sure.

01:25:24 10 THE COURT: Let's take our mid-morning
01:25:26 11 break; 15 minutes, ladies and gentlemen. Please
01:25:27 12 remember the rules.

01:38:36 13 (Recess taken.)

01:43:55 14 THE COURT: Counsel may continue with his
01:43:58 15 direct examination.

01:44:10 16 BY MR. KERGER:

01:44:17 17 Q. As I recall, before the break I was asking if
01:44:20 18 you'd become involved with Wood County?

01:44:23 19 A. Yes.

01:44:24 20 Q. In 2009?

01:44:25 21 A. Yes.

01:44:25 22 Q. Can you tell the jury how that came about?

01:44:28 23 A. There was advertising on the television by an
01:44:34 24 entity from Lucas County called One Source. And it was
01:44:40 25 kind of pleading for business owners to hire people

01:44:45 1 because we were in a depression at that time. And I had
01:44:51 2 never dealt with a government organization before on any
01:44:55 3 of this type of thing. But I went down to One Source
01:45:02 4 one morning and saw what was going on down there, and it
01:45:08 5 just totally turned me off. It was the epitome of
01:45:12 6 government bureaucracy. And I forgot about it.

01:45:21 7 Then one of my friends was talking about a
01:45:23 8 similar program for Wood County that he had used in
01:45:27 9 hiring people, and he said, you know, you can use Wood
01:45:34 10 County. So I called Wood County and learned more about
01:45:37 11 their program.

01:45:38 12 Q. Who did you speak with down there?

01:45:39 13 A. Mary Dewitt.

01:45:40 14 Q. Same person who testified here earlier?

01:45:43 15 A. That is correct.

01:45:45 16 Q. And what did you talk to her about?

01:45:47 17 A. I talked to her about my ideas of, you know,
01:45:53 18 Energy Saver Advisors and expanding the business, and I
01:45:57 19 wanted to try to franchise that business on more of a
01:46:00 20 national level.

01:46:01 21 Q. Do you recall sending her a letter?

01:46:04 22 A. Yes, I did.

01:46:14 23 Q. Is this the letter?

01:46:18 24 A. Yes.

01:46:19 25 Q. Now, in here you talked about your ESA training

01:46:24 1 facility?

01:46:25 2 A. Yes.

01:46:25 3 Q. This is for Energy Saver Advisors?

01:46:27 4 A. Correct.

01:46:28 5 Q. But you talk about beautiful Levis Park.

01:46:31 6 A. Right. At the time I was under the impression
01:46:35 7 that I had to be in Wood County. So I had made
01:46:38 8 arrangements with a friend of mine to use his facility
01:46:42 9 to get the people trained.

01:46:49 10 Q. Is that what you sent in?

01:46:55 11 A. Yes, it is.

01:46:57 12 Q. And it lists an address, Wilkinson Way in Wood
01:47:03 13 County.

01:47:03 14 A. Right.

01:47:03 15 Q. Is that where your friend had a facility he was
01:47:06 16 going to let you use?

01:47:08 17 A. Yes.

01:47:08 18 Q. You had committed enough you were willing to
01:47:11 19 relocate the business to Wood County for the purposes of
01:47:15 20 training?

01:47:15 21 A. For the purposes of training.

01:47:17 22 Q. On the second page of the application, it
01:47:23 23 indicates start date of '09, finish date of '10.

01:47:28 24 A. Correct.

01:47:29 25 Q. And you were asking for \$84,000?

01:47:32 1 A. Correct.

01:47:33 2 Q. For six employees?

01:47:35 3 A. Correct.

01:47:36 4 Q. And you submitted that application?

01:47:38 5 A. I did.

01:47:39 6 Q. Did you ever hear anything about it?

01:47:44 7 A. Not to my recollection.

01:47:46 8 Q. Nobody called you and said it had been denied?

01:47:49 9 A. No.

01:47:49 10 Q. Nobody called you and said it had been granted?

01:47:52 11 A. That's correct.

01:47:53 12 Q. Just silence?

01:47:54 13 A. Correct.

01:48:07 14 Q. Energy Saver Advisors didn't go anyplace.

01:48:11 15 You heard of a company call Commercial Energy

01:48:16 16 Products?

01:48:16 17 A. Correct.

01:48:16 18 Q. How did you hear about it?

01:48:20 19 A. A gentleman by the name of Ari Seaman had heard

01:48:23 20 of my marketing capabilities and that I was in the

01:48:26 21 energy business, and he sought me out, actually.

01:48:30 22 Q. Sought you out to do what?

01:48:32 23 A. To introduce me to induction lighting.

01:48:37 24 Q. What was induction lighting?

01:48:41 25 A. Induction lighting was created a long time ago by

01:48:45 1 Nikola Tesla, Who actually lost out to Thomas Edison in
01:48:50 2 the incandescent light. But this process was coming
01:48:56 3 back now, and they had a bulb that was a 100,000-hour
01:49:02 4 bulb with a minute amount of the energy requirements of
01:49:07 5 regular lighting. And the key with it is the quality of
01:49:12 6 light that it gave was far superior to anything on the
01:49:16 7 market.

01:49:17 8 Q. Did ESA become involved with Commercial Energy
01:49:20 9 Products?

01:49:20 10 A. Yes, we did.

01:49:24 11 MR. KERGER: Would you pull up Exhibit 595,
01:49:27 12 please.

01:49:31 13 THE COURT: Can you see that okay?

01:49:33 14 THE WITNESS: Yes.

01:49:33 15 MR. KERGER: Could you enlarge the top two
01:49:35 16 paragraphs, please.

01:49:35 17 BY MR. KERGER:

01:49:41 18 Q. What does that do?

01:49:43 19 A. This basically is a marketing and sales agreement
01:49:47 20 that I signed with Mr. Seaman of Commercial Energy
01:49:56 21 Products for Energy Saver Advisors to represent.

01:49:58 22 Q. What's the date?

01:50:00 23 A. The 18th of January, 2010.

01:50:04 24 Q. You can take that down.

01:50:06 25 And did you try to sell induction lighting?

01:50:11 1 A. I absolutely did.

01:50:12 2 Q. Where did you go?

01:50:14 3 A. I went to -- I had quite a bit of success here
01:50:18 4 locally, put a project together with Dana Corporation.
01:50:23 5 But the biggest success I had was up in Detroit with
01:50:28 6 Cobo Hall. I had gotten wind from a friend of mine that
01:50:33 7 they were in the process of doing an energy saving
01:50:38 8 program on Cobo Hall. So I made an appointment with the
01:50:41 9 engineer in charge who had Johnson Controls, which is a
01:50:47 10 large national consulting company in that field, as
01:50:51 11 their main contractor.

01:50:55 12 Q. Did you go up to see them?

01:50:57 13 A. I did. It was very interesting. They had been
01:51:01 14 working on the actual lighting part of this for almost
01:51:05 15 two years, looking out to different companies, different
01:51:10 16 types of lights. They were within two weeks of signing
01:51:14 17 a contract to go with LED lighting.

01:51:18 18 Q. Did they stop?

01:51:20 19 A. We stopped them dead in their tracks. They had
01:51:24 20 never seen anything like that. One of our other
01:51:26 21 features was that this was a domestic manufacturing
01:51:30 22 company that was located in Jackson, Michigan; and that
01:51:36 23 is a rare entity in itself to find anything locally
01:51:40 24 that's not made in China or whatever. And that really
01:51:44 25 gave a lot of credence, too.

01:51:46 1 But the long story short, they stopped their LED.
01:51:55 2 And I went up the next day, took samples. They put them
01:51:59 3 up in the lighting fixtures. And the engineers did all
01:52:06 4 of their deal. And I sent my partner up, who was more
01:52:09 5 of the technical side, to work with Johnson controls.
01:52:12 6 And long story short, they went with induction lighting.
01:52:17 7 As you know, Cobo Hall is the home of the International
01:52:21 8 Auto Show, and color clarity is very important with the
01:52:26 9 cars in that whole exhibit. And so the induction
01:52:32 10 lighting really appealed to them.

01:52:34 11 Q. How large was the contract for Commercial Energy
01:52:37 12 Products?

01:52:37 13 A. It was about a \$1 million contract.

01:52:39 14 Q. Did ESA earn a commission?

01:52:42 15 A. Yes, they did.

01:52:42 16 Q. Was it paid?

01:52:43 17 A. Yes, they did.

01:52:46 18 Q. Now, other businesses we've heard about, you're
01:52:49 19 100 percent owner?

01:52:50 20 A. Yes.

01:52:51 21 Q. Do you own 100 percent of Commercial Energy
01:52:53 22 Products?

01:52:53 23 A. No.

01:52:53 24 Q. Did you invest in Commercial Energy Products?

01:52:55 25 A. Yes, I did.

01:52:56 1 Q. About how much?

01:52:56 2 A. I invested about \$30,000.

01:53:02 3 Q. You became a part owner?

01:53:03 4 A. Yes.

01:53:04 5 Q. With Mr. Seaman?

01:53:05 6 A. Yes.

01:53:05 7 Q. Was there a checking account for Commercial
01:53:08 8 Energy Products?

01:53:08 9 A. Yes. Mr. Seaman had opened up the banking
01:53:12 10 account because Commercial Energy Products was actually
01:53:16 11 his company, and I morphed into that as a 50 percent
01:53:23 12 owner.

01:53:23 13 Q. Did you control the checking account?

01:53:24 14 A. No, I did not.

01:53:26 15 Q. Energy Saver Advisors had its own checking
01:53:29 16 account?

01:53:30 17 A. Yes, we did.

01:53:31 18 Q. That's one you own 100 percent of?

01:53:33 19 A. That's correct.

01:53:34 20 Q. Where was that checking account located both by
01:53:37 21 bank branch and state?

01:53:38 22 A. Actually, Energy Saver Advisors was opened
01:53:42 23 initially down in Tennessee, where I had a home and
01:53:47 24 quite a bit of real estate. And I had opened it in
01:53:52 25 Tennessee as Energy Saver Advisors a couple years

01:53:56 1 previous to this.

01:53:58 2 Q. Now, before I get going on Commercial Energy
01:54:06 3 Products, do you recall holding a meeting in Toledo?

01:54:09 4 A. Yes.

01:54:12 5 MR. KERGER: Could I have Exhibit 2, please.

01:54:22 6 Q. Can you tell the jury what this is?

01:54:24 7 A. This is the agenda for a meeting on August 10,
01:54:29 8 2010, with various people in attendance to discuss a
01:54:38 9 proposal generator software program.

01:54:42 10 Q. What's a proposal generator software program?

01:54:45 11 A. This is where we would have a software program
01:54:49 12 where we could have representatives actually on the
01:54:53 13 phone talking to potential clients, and they give us the
01:54:57 14 amount of square footage, they give us the amount of
01:55:01 15 lights that they have, and then we can determine what
01:55:05 16 kind of fixtures, put all of this information into the
01:55:09 17 software, and actually spit out a proposal for them
01:55:15 18 within hours.

01:55:19 19 MR. KERGER: Melissa, can you enlarge that
01:55:22 20 portion I highlighted.

01:55:27 21 A. The reason this --

01:55:30 22 THE COURT: There's not a question. Hold
01:55:32 23 on.

01:55:36 24 BY MR. KERGER:

01:55:37 25 Q. Now, we know who you are. The second name is Ari

01:55:40 1 Seaman; that's the gentleman that came to you. Michael
01:55:44 2 Teadt, we know who he is. Kelly Bland, the jury's heard
01:55:47 3 testify. Who is Ryan Thompson?

01:55:49 4 A. Ryan Thompson is one of the individuals that
01:55:54 5 rented a cubicle from me, and he was a graphic artist.

01:55:58 6 Q. Why was he in the meeting?

01:55:59 7 A. To use his skills on preparing marketing
01:56:04 8 materials.

01:56:09 9 Q. Now, the rest of this is outlining what you were
01:56:21 10 going to do to take the business forward?

01:56:23 11 A. Right.

01:56:24 12 Q. And this is August 10, 2010?

01:56:26 13 A. Correct.

01:56:32 14 Q. Did you get in contact or did they contact you on
01:56:37 15 behalf of Wood County?

01:56:38 16 A. Repeat the question.

01:56:39 17 Q. In the summer of 2010 did you reconnect with Wood
01:56:46 18 County?

01:56:46 19 A. I don't remember, honestly.

01:56:51 20 Q. Do you remember dealing with Mary Dewitt in 2010?

01:56:55 21 A. Yeah.

01:56:56 22 Q. Did you think what you were dealing with was the
01:56:59 23 same thing that started in 2009?

01:57:00 24 A. Yes, I did.

01:57:01 25 Q. But with Commercial Energy Products?

01:57:05 1 A. Correct.

01:57:06 2 Q. Now, you've got Commercial Energy Products going.
01:57:10 3 The dinar business is starting. When did you hear about
01:57:13 4 the dinar?

01:57:13 5 A. I actually heard about the dinar in 2005. And I
01:57:19 6 did a little research on it. But the main reason I
01:57:22 7 bought dinar was history usually repeats itself. And I
01:57:28 8 saw this as an exact example of the Marshall Plan that
01:57:33 9 had occurred in Germany, Japan, Korea, and Vietnam where
01:57:39 10 we go in, bomb the countries, then we rebuild them. We
01:57:45 11 make money all the way along through the cycle.
01:57:50 12 Currencies are strengthened, and we become allies and
01:57:56 13 have allies after the initial conflict. And I looked at
01:58:01 14 Iraq, and with all of the resources that they had, and
01:58:05 15 the fact that they were really a critical element in the
01:58:10 16 Middle East, which was where we were getting most of our
01:58:15 17 oil from, there was no doubt in my mind that this
01:58:17 18 scenario was going to happen again, sooner or later.

01:58:21 19 Q. You thought the dinar would revalue?

01:58:23 20 A. Yeah, I did.

01:58:24 21 Q. That's why you bought some?

01:58:26 22 A. I bought approximately \$25,000 worth of dinar,
01:58:30 23 and I put it in my safe and forgot about it.

01:58:34 24 Q. Now, 2009, did you start hearing rumblings about
01:58:39 25 the dinar again?

01:58:41 1 A. Yes. I had a friend, networking friend of mine
01:58:45 2 call me. He said: Brad, I got a really hot tip for
01:58:49 3 you.

01:58:49 4 I go: What is it, Jim?

01:58:51 5 He said: The dinar.

01:58:52 6 I said: The dinar? I bought some five years
01:58:55 7 ago.

01:58:56 8 And he goes: Well, do you know about the
01:58:59 9 revaluation?

01:59:00 10 I said: No, I'm not familiar.

01:59:02 11 He said: Well, check it out.

01:59:04 12 And so I started going back on the net, checking
01:59:07 13 it out, getting any kind of information I could about
01:59:10 14 it. And I thought possibly that the time was drawing
01:59:16 15 near that we might see some return on this investment.

01:59:21 16 Q. Did you see the Jim Cramer tape that was played
01:59:24 17 yesterday?

01:59:25 18 A. Yes, I did.

01:59:26 19 Q. Did that help influence your decision?

01:59:29 20 A. Yes.

01:59:31 21 MR. KERGER: Would you pull up 519, please.

01:59:40 22 Q. Is that something you saw at about the time you
01:59:42 23 were trying to get an understanding what the dinar was
01:59:45 24 about?

01:59:45 25 A. I looked at many -- as many articles as I could

01:59:49 1 find, and this was one of them.

01:59:53 2 MR. KERGER: Can you blow that up, please.

01:59:58 3 Q. Now, that's from 2005. Was it still online?

02:00:07 4 A. I believe so.

02:00:07 5 Q. And that influenced your thinking about the
02:00:09 6 dinar?

02:00:10 7 A. All of this was positive affirmation of my
02:00:14 8 original business decision where I was just relying on
02:00:18 9 the fact historical facts usually repeat themselves if
02:00:22 10 there's enough time.

02:00:23 11 Q. Did you look at a lot of different sites?

02:00:26 12 A. I did.

02:00:27 13 Q. Did you listen to the Charlie Rose show at all
02:00:31 14 about the dinar?

02:00:33 15 A. Charlie Rose is somebody that I listen to
02:00:36 16 religiously.

02:00:38 17 Q. For those who may not be familiar, who is Charlie
02:00:41 18 Rose?

02:00:41 19 A. I believe Charlie Rose is the finest journalist
02:00:44 20 on television. He has a program at 11:00.

02:00:47 21 Q. Where is he based?

02:00:48 22 A. Out of New York City.

02:00:49 23 Q. What's the kind of stuff he talks about?

02:00:52 24 A. It's very varied topics, but it's usually
02:00:56 25 pertinent to approximately the timeframe of whatever

02:01:01 1 issue he's talking about.

02:01:03 2 Q. Was he discussing the dinar?

02:01:06 3 A. There was a lot of discussion about Iraq, and he
02:01:09 4 would have various military people on, people from the
02:01:16 5 administration. He always has a knack for getting top
02:01:20 6 quality people.

02:01:22 7 Q. And back in 2009, did you know who Ali Agha
02:01:27 8 is/was?

02:01:28 9 A. Yes.

02:01:29 10 Q. How did you know him?

02:01:31 11 A. Well, in my research I checked a site called
02:01:36 12 Dinar Trade. And Dinar Trade is a -- I learned was
02:01:43 13 owned by Ali Agha. And his family was one that profited
02:01:51 14 significantly from the Kuwaiti revaluation. And Ali ran
02:01:57 15 Dinar Trade.

02:01:58 16 Q. Did you see an interview on CNBC with Mr. Agha?

02:02:03 17 A. Yes, I did.

02:02:04 18 Q. And it's still up on the web?

02:02:07 19 A. Yes.

02:02:08 20 Q. Did he talk about what his company did?

02:02:10 21 A. Yes, he did.

02:02:11 22 Q. What did he say his company did?

02:02:13 23 A. He sold dinar.

02:02:15 24 Q. Sold and bought dinar?

02:02:18 25 A. Sold and made a market for them.

02:02:22 1 Q. Do you recall -- and he ultimately began to sell
02:02:25 2 to you?

02:02:25 3 A. Correct.

02:02:26 4 Q. What did you have to pay to get your dinar?

02:02:30 5 A. It was, I believe, around the 900 dinar per
02:02:38 6 million.

02:02:39 7 Q. You see on the chart that shows when you buy at
02:02:43 8 \$685. Did you ever buy dinar at \$685?

02:02:53 9 A. Never.

02:02:54 10 Q. After looking at all of these sites that were
02:02:57 11 positive, did you also look at sites that were negative?

02:03:00 12 A. Absolutely. And I understand why.

02:03:01 13 Q. And you accepted the positive view as the one
02:03:04 14 that matched your thinking?

02:03:05 15 A. Right.

02:03:06 16 Q. Did you decide to invest?

02:03:08 17 A. In the dinar?

02:03:09 18 Q. In the dinar.

02:03:10 19 A. Yes, I did.

02:03:11 20 Q. And in the spring of 2010, what did you do?

02:03:14 21 A. I actually made a larger commitment to the dinar.
02:03:23 22 No traditional bank will give you money for a
02:03:27 23 speculative investment, so I actually had to do a hard
02:03:32 24 money loan, putting up a piece of my real estate to get
02:03:37 25 somebody to loan me the money.

02:03:40 1 Q. Did you buy dinar?

02:03:43 2 A. I did.

02:03:43 3 Q. For resale?

02:03:44 4 A. Yes.

02:03:44 5 Q. How much in the spring of 2010?

02:03:47 6 A. About \$200,000.

02:03:49 7 Q. This is when you're investing \$30,000 in CEP?

02:03:53 8 A. Correct.

02:03:53 9 Q. You built up the building on St. Clair?

02:03:56 10 A. Correct.

02:03:56 11 Q. With your money?

02:03:58 12 A. With my money.

02:04:02 13 Q. And did you try to start to sell the dinar?

02:04:06 14 A. Well, back in -- when I really started
02:04:12 15 understanding the dinar and the talk of the revaluation
02:04:19 16 that was coming, I was very excited about it. And I
02:04:26 17 thought that if I didn't share this with my friends and
02:04:30 18 family, and this happened, I would not feel good about
02:04:36 19 being selfish with that information.

02:04:41 20 Q. You know John Miller?

02:04:43 21 A. I do know John.

02:04:44 22 Q. Testified here yesterday?

02:04:45 23 A. Yes.

02:04:46 24 Q. And you knew him -- Mr. Miller explained how you
02:04:50 25 knew each other. Is that your understanding of how you

02:04:52 1 knew each other?

02:04:53 2 A. Exactly.

02:04:54 3 Q. You met him in August or thereabouts in 2010?

02:04:57 4 A. Yes. I met him at a Whitmer reverse raffle.

02:05:01 5 Q. Did you talk to him about the dinar?

02:05:03 6 A. I did.

02:05:03 7 Q. Why?

02:05:04 8 A. I had a habit of carrying a 25,000 dinar note in
02:05:12 9 my pocket. And in the network marketing industry, the
02:05:18 10 rule is if anybody gets within ten feet of you, you try
02:05:22 11 to get them to ask about it rather than pouncing on them
02:05:29 12 and hyperventilating about something. And I wanted
02:05:36 13 people to know about the dinar. So I had the dinar
02:05:41 14 25,000 note with me. And I showed John at the raffle.
02:05:45 15 And John -- it's like everybody; I told him, go home,
02:05:51 16 research this. If it's for you, let me know.

02:05:54 17 Q. And John ultimately bought some dinar?

02:05:57 18 A. John did.

02:05:57 19 Q. When you met and he bought his dinar, did you
02:06:01 20 ever want him to become a salesman for you?

02:06:04 21 A. Never.

02:06:06 22 Q. Did you ever compensate him?

02:06:09 23 A. Never.

02:06:11 24 Q. Did you have an understanding of why he did it?

02:06:14 25 A. It was why all of us did it; we wanted to help

02:06:18 1 people. We wanted them to find out about this because
02:06:22 2 if we didn't, like I said, I would have felt terrible.
02:06:28 3 I think this is the largest macroeconomic event of our
02:06:32 4 lifetime. And I would tell a waitress, a bus driver,
02:06:38 5 whether it was \$100, I didn't care. I wanted to be able
02:06:44 6 to change a life and leave a thumbprint on their life.

02:06:48 7 Q. What do you mean by leaving a thumbprint?

02:06:51 8 A. By leaving a thumbprint I mean telling them about
02:06:55 9 the dinar and them buying, whether it was \$100 worth or
02:07:00 10 \$10,000 worth. When that investment would come through,
02:07:05 11 they would never forget who told them about that
02:07:09 12 investment. And I think it's going to change lives all
02:07:13 13 across this country, and northwest Ohio will be the
02:07:16 14 largest recipient.

02:07:18 15 Q. When you were selling the dinar, did you
02:07:21 16 understand people could resell them if they wanted to
02:07:24 17 get out of their investment?

02:07:25 18 A. Absolutely.

02:07:26 19 Q. They could sell them for the price paid for the
02:07:29 20 transaction?

02:07:29 21 A. Correct.

02:07:30 22 Q. Did anybody, when you started selling dinar, ever
02:07:32 23 ask you to buy the dinar back?

02:07:33 24 A. They did.

02:07:34 25 Q. Did you buy them back?

02:07:35 1 A. I absolutely did.

02:07:37 2 Q. Did you charge them anything for that?

02:07:39 3 A. I charged them about ten percent. I had
02:07:43 4 people -- I had a doctor out of Tennessee that had
02:07:47 5 bought \$400,000. He didn't even buy it from me. But he
02:07:53 6 was a good friend of mine. He needed to get some money,
02:07:58 7 and he wanted to sell \$200,000 worth of dinar back. And
02:08:03 8 he checked all over the United States to get the best
02:08:07 9 deal. And I told him I'd do it for ten percent. And
02:08:11 10 that was the best deal he could find. So I even
02:08:15 11 exchanged his dinars that I had not even sold him.

02:08:19 12 Q. So he had spent \$200,000, and you gave him
02:08:23 13 \$180,000?

02:08:24 14 A. Correct. But I only -- I had a handful of people
02:08:30 15 out of tens of thousands of people that I helped that
02:08:33 16 actually ever asked for the dinar -- to sell their dinar
02:08:38 17 back. And most of those were hardship cases where they
02:08:43 18 needed the money.

02:08:45 19 Q. Now, you know Charlie Emmenecker?

02:08:47 20 A. I do.

02:08:48 21 Q. You heard him talk about a dinner in August of
02:08:53 22 2010 where you and your wives met?

02:08:56 23 A. That is correct.

02:08:56 24 Q. You told him about the dinar?

02:08:58 25 A. Yes. This was at Highland Meadows at a swim team

02:09:02 1 reunion. My wife swam for Highland Meadows. I went
02:09:06 2 there, and I always had my dinar in the pocket. And I
02:09:08 3 ran into Charlie. I hadn't seen him in years. We'd
02:09:12 4 known each other forever. And I knew Charlie was a
02:09:15 5 networker. And I explained the dinar to Charlie.

02:09:18 6 Q. Did he investigate, as far as you know?

02:09:20 7 A. Yes, he did.

02:09:21 8 Q. Did he finally by dinar from you?

02:09:24 9 A. Yes, he did.

02:09:25 10 Q. Did you two discuss about whether Charlie could
02:09:28 11 pass this on to his team in Xango?

02:09:35 12 A. I don't know if we talked about it initially, but
02:09:40 13 after a while Charlie indicated that he would like to
02:09:43 14 tell some of his Xango downline and other leaders in
02:09:49 15 Xango about the dinar.

02:09:50 16 Q. Were you holding conference calls then?

02:09:54 17 A. I think I held some small calls. I really wasn't
02:09:59 18 big on conference calls.

02:10:01 19 Q. Why did you have the conference call?

02:10:03 20 A. Charlie asked me if I wanted to do a conference
02:10:09 21 call, and I said I'd be glad to. And he was very adept
02:10:15 22 at doing conference calls. And so we agreed to have a
02:10:20 23 time to do a conference call. And he got a lot of the
02:10:24 24 Xango people on the call, and so we initiated the call.

02:10:30 25 Q. Did that cause growth?

02:10:32 1 A. It was startling.

02:10:36 2 Q. Did you anticipate it at all?

02:10:38 3 A. No, I did not.

02:10:39 4 Q. How fast did it grow?

02:10:42 5 A. I've been in businesses for 40-some years, and
02:10:49 6 volatile businesses, traditional and other types of
02:10:52 7 businesses. I never saw anything like it in my life.
02:10:55 8 And the networking that occurred with people telling
02:11:01 9 people telling people, I mean, we got down four or five
02:11:05 10 generations like that. And so I was surprised. And
02:11:10 11 when you have a business, sometimes the biggest thing
02:11:14 12 that you have to worry about that will kill you first is
02:11:17 13 growth, if you don't know how to handle a fast-growing
02:11:22 14 business.

02:11:24 15 Q. We saw an e-mail yesterday that you sent to Kelly
02:11:28 16 Bland at the end of October, 2010, where you talked
02:11:31 17 about getting slammed with a bunch of dinar orders. Do
02:11:34 18 you remember that?

02:11:34 19 A. Correct.

02:11:35 20 Q. In that you said, "And I managed to get them all
02:11:38 21 out." Do you remember that?

02:11:39 22 A. I do.

02:11:39 23 Q. Was that important to you? And if so, why?

02:11:42 24 A. It was everything to me. I told my team, if we
02:11:47 25 got an order in today, it goes out today, whether we

02:11:52 1 have to stay until 7:00 at night. We are in the service
02:11:55 2 business, and I want people to trust us. And when we do
02:12:00 3 a good job, they will -- they will reward us and tell
02:12:05 4 people that we're honorable people to deal with.

02:12:08 5 Q. They'd given you cash or certified checks or
02:12:12 6 money orders, and you wanted them to get their dinar?

02:12:15 7 A. Absolutely.

02:12:16 8 Q. And you did that?

02:12:17 9 A. Absolutely.

02:12:18 10 Q. Do you recall in that same e-mail at the end of
02:12:20 11 October, 2010, you also said you stayed to do a film, a
02:12:24 12 video for CEP?

02:12:26 13 A. Right.

02:12:26 14 Q. Do you recall what that was about?

02:12:28 15 A. You know, I really can't recall what the essence
02:12:31 16 of the video was, but -- I can't recall.

02:12:37 17 Q. In your experience in explosive growth in the
02:12:42 18 dinar business --

02:12:42 19 A. Yes.

02:12:43 20 Q. -- and you're still saving time to do a video for
02:12:46 21 CEP?

02:12:47 22 A. Yes.

02:12:47 23 Q. You're running both businesses?

02:12:49 24 A. Yes.

02:12:49 25 Q. In October, 2010?

02:12:51 1 A. Right.

02:12:51 2 Q. Which business is Mike Teadt working for?

02:12:54 3 A. Mike is helping the Commercial Energy Products
02:12:57 4 because when I saw what happened at Cobo Hall, and I saw
02:13:04 5 what happened at Dana here in the -- or in the Toledo
02:13:08 6 area, and a couple other companies, and the whole fact
02:13:11 7 that the United States was focussing on the energy
02:13:15 8 business, and that here was Johnson Controls, one of the
02:13:18 9 top engineering firms in the United States that had been
02:13:22 10 researching for two years what lighting to put into Cobo
02:13:27 11 Hall, I walk in there, stop the project, and they end up
02:13:35 12 going with induction lighting, as an entrepreneur and a
02:13:40 13 marketing person, the possibilities are endless.

02:13:44 14 And Mike Teadt worked in the aircraft industry.
02:13:47 15 He was working with companies like Sikorsky that had
02:13:53 16 million square foot buildings, and really the potential
02:13:58 17 for that was unlimited. And it was -- it was the focus
02:14:02 18 of the time, and there was government money if these
02:14:05 19 corporations knew how to do it for energy rebates.

02:14:11 20 Q. Going back to the dinar, you actually started
02:14:14 21 selling some in 2009?

02:14:16 22 A. Yes, in 2009 I went to my immediate circle of
02:14:22 23 friends and family.

02:14:24 24 Q. And you heard Mr. Lewis testify that you hadn't
02:14:29 25 filed a return for 2009 until 2012, I think.

02:14:33 1 A. Correct.

02:14:33 2 Q. Was that correct to your understanding?

02:14:35 3 A. It was not correct to my understanding because --
02:14:41 4 and I will check with Mr. Lewis on this, but I believe
02:14:45 5 we amended that return because I had forgot about the
02:14:49 6 dinar at the end of the year on that December, and
02:14:54 7 that's what we amended the return.

02:14:56 8 Q. To show this, the income of the dinar?

02:14:59 9 A. To show the income of the dinar.

02:15:00 10 Q. It was about \$15,000?

02:15:01 11 A. I can't remember what it was.

02:15:03 12 Q. And then you continued to make some sales in the
02:15:06 13 first part of 2010?

02:15:07 14 A. Yes.

02:15:08 15 Q. Not explosive growth, but just selling some
02:15:13 16 dinar?

02:15:13 17 A. Right.

02:15:13 18 Q. Now, when you started becoming more aggressive in
02:15:16 19 selling, did you continue to research and listen to
02:15:22 20 things on the web?

02:15:24 21 A. Especially --

02:15:25 22 Q. Is the answer yes?

02:15:26 23 A. Yes. Sorry.

02:15:28 24 Q. Go ahead, explain.

02:15:29 25 A. Well, especially when we got to the point of

02:15:32 1 doing conference calls. I had a mantra on all of my
02:15:38 2 calls, and I wouldn't bore you people with all of the
02:15:44 3 calls to all the details, but the mantra was: This is
02:15:48 4 an investment, not a lottery ticket. And knowledge is
02:15:51 5 king. I wanted people to know what was going on about
02:15:56 6 the dinar. And on a weekly basis, the historic elements
02:16:03 7 that were taking place, especially at the time of the
02:16:07 8 Arab spring -- the Arab spring started off with some --
02:16:13 9 with a fruit stand owner in -- I believe it was Tunisia
02:16:19 10 that set himself on fire talking about freedom. And
02:16:25 11 then you saw it started exploding in Egypt, and it just
02:16:29 12 started sweeping through the Middle East. And that's
02:16:33 13 where I finally saw how contagious freedom was. And at
02:16:39 14 the same time in the Middle East it was not only about
02:16:42 15 the country, the women in the Middle East had been
02:16:48 16 suppressed forever, and this was their chance for their
02:16:52 17 mothers and the grandmothers and mothers came out to
02:16:56 18 support the freedom movement.

02:16:58 19 Q. You did your research to have information to pass
02:17:01 20 on to all --

02:17:03 21 A. I did a lot of research every week to make the
02:17:06 22 call interesting and informative.

02:17:08 23 Q. And you listened to other people who were on
02:17:10 24 other calls?

02:17:11 25 A. Yes, and I dug into all the dinar sites to see if

02:17:15 1 there was anything. Most dinar sites were rate and date
02:17:21 2 people. And that is something that I really did not
02:17:24 3 want to do. And I told our people that I would bring on
02:17:30 4 guests, and I told them to try to avoid that at all
02:17:33 5 costs. And the bottom line is that it put people on a
02:17:38 6 roller coaster, emotionally.

02:17:43 7 Q. What put them on a roller coaster?

02:17:45 8 A. When people would come out and say: I think it's
02:17:48 9 going to happen this Monday, or whatever, and it could
02:17:51 10 be at this rate. And --

02:17:57 11 Q. About this time did you become aware of a
02:17:59 12 gentleman named Rudy Coenen?

02:18:01 13 A. Yes, I did.

02:18:02 14 Q. How did you become aware of him?

02:18:05 15 A. To find gurus with the dinar, to be invited on
02:18:13 16 our show to give any type of expert testimony, was very
02:18:22 17 difficult. There weren't that many people out there
02:18:25 18 that really knew what they were talking about. And a
02:18:28 19 friend of mine here in Toledo, Frank Villa, had a site
02:18:34 20 called KTFM, Keep the Faith, that was the name of the
02:18:41 21 program. Frank had a huge national entourage of
02:18:47 22 listeners. And I used to listen to his show to get
02:18:49 23 information. And all of a sudden one day Rudy Coenen
02:18:54 24 came up, and I'll never forget, he had a nine-point
02:18:58 25 presentation. And you had to go for nine days in a row.

02:19:04 1 And I'm telling you, it took the whole dinar industry by
02:19:08 2 storm.

02:19:11 3 Q. He sounded knowledgeable?

02:19:13 4 A. Absolutely.

02:19:14 5 Q. Frank had him on the show?

02:19:17 6 A. Yes, he did.

02:19:18 7 Q. Did you reach out to him and send him your
02:19:22 8 thoughts on the dinar?

02:19:23 9 A. I asked Frank if I could have Rudy's number, and
02:19:27 10 he gave me his number, and I called Rudy.

02:19:29 11 Q. Did you get his e-mail address?

02:19:31 12 A. Probably did.

02:19:33 13 MR. KERGER: Pull up 606, please.

02:19:50 14 Q. This is something you sent to Kelly?

02:19:52 15 A. Yes. Kelly Bland was my assistant.

02:19:55 16 Q. What's the Dinar 101 conference call?

02:19:59 17 A. That's basically what we called our call, was
02:20:04 18 dinar -- you know, like --

02:20:07 19 Q. Freshman level class in college, 101?

02:20:10 20 A. Right.

02:20:11 21 MR. KERGER: Would you drop down and
02:20:17 22 enlarge.

02:20:21 23 Q. You asked him to send some materials you'd
02:20:24 24 written to Rudy?

02:20:26 25 A. Please send this to Rudy, okay.

02:20:28 1 Q. So as of 9-29-10, you had his address?

02:20:36 2 A. Okay.

02:20:36 3 Q. Did you ask him to come on the call?

02:20:38 4 A. Yes, I did.

02:20:39 5 Q. Did he give you his background?

02:20:44 6 A. I don't know when exactly he gave me his
02:20:46 7 background.

02:20:47 8 Q. What did he tell you his background was?

02:20:50 9 A. Well, he told me that he had been with JP Morgan
02:20:55 10 as a vice-president and currency trading.

02:20:58 11 Q. And in talking about currency trading and
02:21:04 12 finance, did what say seem to be consistent with that
02:21:06 13 position?

02:21:07 14 A. Unequivocally.

02:21:08 15 Q. Did he tell you anything else about his
02:21:10 16 background?

02:21:11 17 A. He told me about his military history.

02:21:14 18 Q. What did he tell you about that?

02:21:15 19 A. That he had been an Iraqi war vet and that he had
02:21:18 20 taken a bullet in Iraq and that he had had a liver
02:21:31 21 transplant due to hepatitis C from a blood transfusion.

02:21:37 22 Q. Did you believe what he said?

02:21:39 23 A. Unequivocally.

02:21:41 24 Q. Why so unequivocally?

02:21:44 25 A. I am a military veteran of the Vietnam War. I

02:21:49 1 have seen war. And when a fellow brother veteran tells
02:21:56 2 me he has been in war and took a bullet for this
02:21:59 3 country, why would I ever doubt it?

02:22:05 4 Q. And you didn't?

02:22:08 5 A. I didn't.

02:22:09 6 Q. Did you check his background anyplace?

02:22:12 7 A. No, not on the military.

02:22:17 8 Q. Had you ever had anybody lie to you like that, so
02:22:20 9 far as you knew?

02:22:22 10 A. Never. And I'm a very trusting person because I
02:22:28 11 don't want to go through life acidic, never believing
02:22:35 12 anybody, but I believe if somebody lies to me, and I
02:22:38 13 find out about it, then they're going to lose a good
02:22:42 14 friend.

02:22:43 15 Q. Was he being -- did he ultimately come to be on
02:22:48 16 your calls?

02:22:49 17 A. Yes.

02:22:49 18 Q. Was he paid to do that?

02:22:50 19 A. No, he was not.

02:22:51 20 Q. Did he become your business partner?

02:22:53 21 A. No.

02:22:53 22 Q. He was just a voice on the call with Charlie and
02:22:56 23 other people?

02:22:57 24 A. And after the first call, it was very amazing. I
02:23:01 25 must have gotten 100 calls in the next few days wanting

02:23:05 1 Rudy on the call. And I never had that happen with any
02:23:09 2 guest I'd had.

02:23:10 3 Q. And you had him back?

02:23:13 4 A. I had him back.

02:23:13 5 Q. And back again?

02:23:14 6 A. And back again.

02:23:16 7 Q. And every time he was on the call and you
02:23:17 8 listened to him, he seemed to carry that same knowledge
02:23:20 9 level as a JP Morgan vice-president in terms of finance?

02:23:24 10 A. Yes, he did.

02:23:28 11 Q. We've heard about hedge funds. When did you
02:23:32 12 first hear the term "hedge fund"?

02:23:38 13 A. Several months into the calls Rudy said at the
02:23:44 14 end of the call, I remember, he said: I've gotten
02:23:52 15 requests from some BH Group members to either look at
02:23:58 16 investments or something, and I think coming up with a
02:24:03 17 hedge fund regarding the reconstruction of Iraq would be
02:24:11 18 very exciting.

02:24:12 19 Q. Did you know anything about hedge funds?

02:24:15 20 A. My words to Rudy at that time were: Rudy, I
02:24:18 21 don't know a hedge fund from a hedge hog.

02:24:21 22 Q. Did he say he did?

02:24:22 23 A. He said he did.

02:24:23 24 Q. Did you believe him?

02:24:24 25 A. I believed him.

02:24:26 1 Q. After the passage of time, did he introduce the
02:24:32 2 hedge fund to members of the BH Group?

02:24:33 3 A. It was either a week or two later. All of a
02:24:39 4 sudden an e-mail went out to Rudy to members of the BH
02:24:47 5 Group.

02:24:47 6 Q. From Rudy?

02:24:48 7 A. From Rudy.

02:24:49 8 Q. Okay.

02:24:50 9 A. And Rudy, whether it's dyslexic or not, he just
02:25:00 10 couldn't write worth a darn. I mean, as far as, you
02:25:05 11 know, typing, it was just -- it was just -- and I
02:25:11 12 realize people have certain deficiencies; we're not --
02:25:14 13 like I'm not good at math.

02:25:18 14 Q. Did he explain to you that he had dyslexia?

02:25:23 15 A. No, he didn't. That's the term I used.

02:25:25 16 Q. It was confused?

02:25:27 17 A. Right.

02:25:27 18 Q. Did that cause you any question about whether or
02:25:30 19 not he'd been a vice-president at JP Morgan, the fact
02:25:33 20 that he couldn't write well?

02:25:34 21 A. No. In fact, he said he was a currency trader
02:25:37 22 and they kept the -- he was kind of joking, but they
02:25:40 23 kept him in padded cells.

02:25:42 24 Q. When that happened, what was your response?

02:25:46 25 A. I said, Rudy, I really don't want communications

02:25:51 1 going out to members of the BH Group with this
02:25:56 2 unprofessional presentation.

02:25:59 3 Q. Did you make him an offer?

02:26:02 4 A. You know, I think he said: Well, would you like
02:26:09 5 to join me, or something like that, would you like to
02:26:14 6 market the hedge funds to the BH Group? And I said --
02:26:19 7 and then I asked a little bit about what the strategy
02:26:22 8 was. And he talked about the reconstruction of Iraq.
02:26:25 9 And I had -- I had seen in my research videos of -- I
02:26:36 10 believe it was Hillary Clinton or some other people
02:26:41 11 talking about the reconstruction. The one I remember
02:26:45 12 mostly is Hillary Clinton.

02:26:47 13 Q. Is she secretary of state?

02:26:50 14 A. She was secretary of state at that time. Begging
02:26:54 15 U.S. companies to get involved in the reconstruction of
02:26:57 16 Iraq because so many foreign countries -- foreign
02:27:01 17 companies were coming in and taking advantage. And I
02:27:04 18 remember she said in this video that they predict that
02:27:07 19 Iraq would be growing faster than China.

02:27:10 20 Q. Was what she was saying consistent -- or was
02:27:15 21 Rudy's theory consistent with what she was saying?

02:27:18 22 A. Yes.

02:27:18 23 Q. Did that tend to make you believe in the hedge
02:27:22 24 fund concept?

02:27:23 25 A. Well, this was a total paradox to have a country

02:27:27 1 with all of these natural resources surrounded by these
02:27:33 2 Mideast countries that were like an oasis in the desert,
02:27:38 3 countries like Dubai and Saudi Arabia and Bahrain, et
02:27:44 4 cetera.

02:27:44 5 Q. They have a lot of money, the countries you
02:27:46 6 just --

02:27:47 7 A. Yeah. And they were all modern bustling cities,
02:27:50 8 and here is Iraq stuck in the stone age and just had
02:27:53 9 been bombed to pieces.

02:27:55 10 Q. And it had more oil than just about anybody else?

02:27:58 11 A. Exactly.

02:27:58 12 Q. Did you ask Rudy whether it was all right -- you
02:28:02 13 can take that down.

02:28:03 14 Did you ask Rudy if it was all right for you to
02:28:06 15 market the funds before they were formed?

02:28:12 16 A. Rudy basically told me that he wanted me to
02:28:17 17 market to the BH Group and that he would give me \$100
02:28:21 18 per person for every member that I -- that bought what
02:28:27 19 he felt was the inception investor seat, which would be
02:28:32 20 the position that when the revaluation happened, that
02:28:38 21 that person would have a seat and be able to put the
02:28:43 22 investment down to become a member of the hedge fund.

02:28:47 23 Q. And he told you -- you asked was it all right for
02:28:51 24 you to do that legally?

02:28:52 25 A. The first question I ever asked him was: Rudy,

02:28:55 1 is there any liability for me? I'm not familiar with
02:28:59 2 stocks or securities marketing.

02:29:01 3 And he said: I'll check with my lawyer in New
02:29:05 4 York.

02:29:06 5 And he came back to me, because I kept asking
02:29:11 6 him, and he said: I checked with him. And he said as
02:29:14 7 long as this is a private group, and that you need a
02:29:20 8 password to get into the internet, you can -- we can
02:29:24 9 market it to your private group.

02:29:28 10 That -- I mean, that kind of made sense to me.

02:29:30 11 Q. And the BH Group was private in that you had to
02:29:34 12 have a password?

02:29:35 13 A. Even though you didn't have to pay anything, you
02:29:37 14 had to have a password to be a member.

02:29:41 15 Q. Did you consider that having the hedge fund would
02:29:45 16 increase dinar sales?

02:29:47 17 A. That wasn't at all -- I had more dinar business
02:29:51 18 than I knew what to do with.

02:29:58 19 Q. Now, have you ever recruited anybody to be a
02:30:02 20 salesman for dinar?

02:30:03 21 A. Absolutely not.

02:30:04 22 Q. You hired Kelly and Shelby. They stayed at the
02:30:08 23 office and did the back office functions, if you will?

02:30:10 24 A. Correct.

02:30:11 25 Q. They kept the records and the cash, things like

02:30:14 1 that?

02:30:16 2 You had previously formed network marketing
02:30:22 3 companies around the world, teams to work with you?

02:30:24 4 A. Yes.

02:30:25 5 Q. Could you have done that here if you wanted to
02:30:27 6 sell dinar?

02:30:28 7 A. Not a problem.

02:30:30 8 Q. You didn't do it?

02:30:31 9 A. I did not do it.

02:30:33 10 Q. Why not?

02:30:33 11 A. I initially didn't even look at this as a
02:30:41 12 business. And when it exploded on me, I was just trying
02:30:45 13 to handle the business and keep up with the growth. I
02:30:50 14 literally was working about 15 hours a day. And I had
02:30:55 15 CEP, and I had the BH Group, which was the DBA for
02:31:04 16 Energy Saver Advisors.

02:31:05 17 Q. When did the BH Group get formed?

02:31:08 18 A. The BH Group got formed probably in the third
02:31:16 19 quarter of 2010.

02:31:18 20 Q. To pin down the obvious, BH stands for Bradford
02:31:22 21 Huebner?

02:31:22 22 A. Right.

02:31:23 23 Q. And it's just doing business as?

02:31:25 24 A. And the reason it was formed was that it was very
02:31:28 25 confusing to people when they came to buy dinar or they

02:31:33 1 ordered dinar from afar, and they're buying a currency
02:31:38 2 and sending a check to an energy company. And so -- and
02:31:44 3 I totally understood that. I got tired of answering the
02:31:47 4 questions. So I did what's called a DBA, doing business
02:31:53 5 as, the BH Group. I filed it with my bank, got the
02:31:58 6 proper paperwork. Then they were able to write checks
02:32:03 7 to the BH Group.

02:32:04 8 Q. When Kelly and Shelby took over the
02:32:07 9 administration for the fund, did they straighten out any
02:32:09 10 problems?

02:32:11 11 A. When Rudy sent out his initial foray, if you
02:32:21 12 will, about the hedge fund and getting a seat, he used a
02:32:28 13 number. And he used -- I believe it was 127. And he
02:32:33 14 said if you want a hedge fund seat, it will be number
02:32:40 15 127. Well, he sent that out to everybody because he
02:32:42 16 didn't -- he wasn't doing the records for administering
02:32:47 17 all the various seats in each fund, starting from one
02:32:51 18 going to 490.

02:32:54 19 Q. You understood the group was limited?

02:32:56 20 A. Yes, Rudy had told me that there was only going
02:32:59 21 to be 490 seats.

02:33:02 22 Q. And you did two funds. When did the idea of a
02:33:05 23 second fund come?

02:33:06 24 A. Well, the -- I had -- I don't know, 10,000,
02:33:12 25 15,000 registered members of the BH Group at that time.

02:33:17 1 There was thousands of other people that listened to us,
02:33:20 2 that knew about us. And when people listened to the
02:33:27 3 rational of the hedge fund opportunity, it all made
02:33:33 4 sense to them. And for \$750 they wanted to have one of
02:33:38 5 those seats. And it basically -- I told Rudy, I said,
02:33:43 6 you know, these people that I don't even know, I'm going
02:33:46 7 to give a priority to our people that I know that have
02:33:50 8 supported the BH Group first. I'll give them a two-week
02:33:53 9 head start.

02:33:54 10 Well, I mean, within a couple weeks all the seats
02:33:59 11 in the first hedge fund were pretty much spoken for by
02:34:03 12 the BH Group members.

02:34:04 13 Q. Why was the second one opened?

02:34:07 14 A. Because there was still a demand.

02:34:09 15 Q. Do you think you could have opened a third or
02:34:12 16 fourth one?

02:34:12 17 A. Absolutely.

02:34:13 18 Q. You didn't?

02:34:14 19 A. No.

02:34:17 20 Q. Let's talk about a different point in just a
02:34:21 21 second. You heard about a DeLaRue machine?

02:34:28 22 A. Yes.

02:34:28 23 Q. What did you understand a DeLaRue machine to be?

02:34:29 24 A. I understood a DeLaRue machine was the product of
02:34:34 25 the DeLaRue Company that was specialized in the printing

02:34:37 1 of international currency. And the DeLaRue machine,
02:34:40 2 you could put the currency in that machine, like a money
02:34:43 3 counter, and it would detect the markings of the
02:34:49 4 currency to see whether it was counterfeit or real. And
02:34:54 5 the Iraqi dinar had about six different markings on it,
02:34:59 6 very sophisticated currency, that had way more security
02:35:09 7 than the U.S. dollar.

02:35:10 8 Q. You had learned what those little tells were?

02:35:14 9 A. Right.

02:35:15 10 Q. What were the sort of things that were on the
02:35:17 11 dinar?

02:35:17 12 A. Various water marks; a horse's head, that metal
02:35:23 13 stripping. One of the things, you had to put a black
02:35:27 14 line to see if the marking would show up. It was very
02:35:33 15 sophisticated.

02:35:35 16 Q. When you bought from Dinar Trade, would your
02:35:38 17 dinar come with a certificate?

02:35:40 18 A. Yes.

02:35:41 19 Q. Go to 540, please.

02:35:50 20 What is that?

02:35:51 21 A. That is the certificate of authenticity I would
02:35:54 22 get from Dinar Trade.

02:35:57 23 Q. When you sent your dinar out, would you make a
02:36:01 24 copy of the certificate?

02:36:03 25 A. We would make a copy of this certificate and send

02:36:07 1 it out.

02:36:07 2 Q. Did you have any doubt in your mind that they
02:36:10 3 were being authenticated on a DeLaRue machine?

02:36:13 4 A. I had no doubt that these weren't authentic.

02:36:16 5 Q. All the millions of dinar that you sold, have any
02:36:18 6 of them, when they were seized by the U.S. Government,
02:36:23 7 been reported to be counterfeit?

02:36:24 8 A. None.

02:36:29 9 Q. Pull up Exhibit 534, please. Can you tell us
02:36:36 10 what 534 is?

02:36:38 11 Can you enlarge the heading on the top?

02:36:48 12 It's sent to Ali Agha?

02:36:51 13 A. Yes, it is.

02:36:52 14 Q. And what's it about?

02:36:54 15 A. Well, apparently from the gist of the letter --

02:37:08 16 Q. Can you drop down to the first two paragraphs.
02:37:14 17 What's it about?

02:37:15 18 A. Apparently there's a conflict with Dinar Trade
02:37:18 19 and DeLaRue through their attorneys of some copyright
02:37:23 20 issue.

02:37:23 21 Q. A trademark issue?

02:37:25 22 A. Trademark issue.

02:37:26 23 Q. Did you know anything about this?

02:37:28 24 A. No idea.

02:37:30 25 Q. Did you think, as you look back, Ali should have

02:37:33 1 told you about it?

02:37:33 2 A. Not really.

02:37:45 3 Q. Let's go back to the hedge fund. Your people are
02:37:48 4 administrating, receiving the forms?

02:37:50 5 A. Yes.

02:37:50 6 Q. Receiving the checks?

02:37:52 7 A. Yes. In the agreement that I had with Bayshore
02:38:00 8 Capital, we would perform all the administrative work
02:38:05 9 and the seat assignments, keep the -- keep all of the
02:38:09 10 forms correct, send him the checks. And that was our --
02:38:16 11 the extent of our involvement.

02:38:18 12 Q. And you did that?

02:38:19 13 A. Yes, we did.

02:38:22 14 Q. Did there come a time when you told Rudy you
02:38:25 15 wanted to put your respective biographies up on the
02:38:28 16 website?

02:38:28 17 A. Yes. We arranged, at the request of some of the
02:38:37 18 leaders of dinar in various areas, they wanted to have a
02:38:43 19 chance for their people in various cities to get a seat
02:38:49 20 in the hedge fund and learn about the hedge fund.

02:38:51 21 Q. And we've heard some discussion about road shows.

02:38:53 22 A. Right.

02:38:54 23 Q. Is that what you're talking about?

02:38:55 24 A. That's what I'm talking about.

02:38:57 25 Q. And you would go to different areas of the

02:38:59 1 country?

02:38:59 2 A. Yeah. We had, I believe, five.

02:39:01 3 Q. One in Toledo?

02:39:02 4 A. One in Toledo.

02:39:04 5 Q. Did you ask Rudy for his biography?

02:39:06 6 A. I did.

02:39:07 7 Q. Did he give it to you?

02:39:08 8 A. Initially he didn't. And finally I pinned him
02:39:15 9 down. I said, Rudy, I've got a piece of paper here, and
02:39:18 10 I want your biography step by step in an evolutionary
02:39:22 11 process.

02:39:26 12 Q. Let me show you. Is that the biography that you
02:39:34 13 wrote for Rudy based on what he told you?

02:39:37 14 A. Exactly.

02:39:38 15 Q. Did Rudy ever tell you that any of this was
02:39:42 16 false?

02:39:42 17 A. No.

02:39:43 18 Q. You heard that comment he made about the ferry
02:39:47 19 ride back from Delaware when he told you he wasn't a
02:39:50 20 Marine and he wasn't a vice-president. Is that true?

02:39:52 21 A. Never happened.

02:39:55 22 Q. He told you this was his background?

02:39:58 23 A. Yes.

02:39:58 24 Q. And you put that on the site on reliance on what
02:40:03 25 he told you?

02:40:03 1 A. Absolutely.

02:40:04 2 Q. Did you have any reason to doubt him at that
02:40:07 3 point?

02:40:07 4 A. No.

02:40:14 5 Q. Did you buy any seats in the hedge fund?

02:40:17 6 A. Yes, I did.

02:40:18 7 Q. How many?

02:40:18 8 A. I think I bought 12 seats.

02:40:22 9 Q. So about \$9,000?

02:40:24 10 A. Yes.

02:40:25 11 Q. Who did you buy them for?

02:40:26 12 A. I bought --

02:40:28 13 Q. I assume you bought one for yourself, your
02:40:31 14 family?

02:40:31 15 A. I bought one for the Huebner family. Then I
02:40:34 16 bought seats for, like, the Toledo Museum of Art, the
02:40:37 17 Toledo Symphony, Northwest Ohio Hospice, Ronald McDonald
02:40:43 18 House, Toledo Zoo, Washington Local Schools, Toledo
02:40:46 19 Public Schools. And then I had -- oh, WGTE.

02:40:53 20 Q. Why did you do that?

02:40:54 21 A. Because I wanted to give back to the community.

02:40:58 22 Q. Had you been active in the community on boards?

02:41:02 23 A. Yes.

02:41:03 24 Q. Like what?

02:41:03 25 A. I served on the Toledo Symphony Board for

02:41:06 1 probably five years. And I'm on the Board of the
00:49:41 2 Blair Museum of Lithophanes at the Toledo Botanical
02:41:15 3 Gardens, which is our family museum.

02:41:18 4 Q. Going back to the hedge funds, were the BH Group
02:41:23 5 members required to buy dinar in order to get into the
02:41:25 6 hedge fund?

02:41:27 7 A. Absolutely not.

02:41:27 8 Q. Was there a time at which the amount of dinar you
02:41:30 9 purchased gave you a pecking order, if you will, in
02:41:33 10 terms of preference for the seats?

02:41:35 11 A. Not really. I put that out there to have some
02:41:42 12 essence of giving the BH Group members that two-week
02:41:47 13 notice. And that's why I did that. And that I didn't
02:41:55 14 want people that had, like, 500,000 dinar or that I knew
02:42:01 15 didn't have the capabilities once this came through to
02:42:04 16 get involved in a hedge fund when they had no business
02:42:08 17 being involved in it.

02:42:09 18 Q. And you suggested that they have certain minimum
02:42:13 19 holdings?

02:42:14 20 A. I did.

02:42:14 21 Q. Did you do that to pump your sales?

02:42:16 22 A. No, not at all.

02:42:17 23 Q. It obviously had a benefit?

02:42:20 24 A. It would have.

02:42:21 25 Q. If they bought it from you?

02:42:22 1 A. Right.

02:42:23 2 Q. But if you did that, would it --

02:42:26 3 A. I bought it to protect them from themselves as
02:42:29 4 far as getting into the hedge fund.

02:42:30 5 Q. You didn't want them to have too much money in
02:42:33 6 one place?

02:42:33 7 A. Well, first of all, we didn't know really what it
02:42:36 8 would revalue at. And I had something on there at if it
02:42:40 9 happened at a dollar, it would be a million-dollar
02:42:43 10 investment. And if it went backwards, like if it
02:42:47 11 occurred at 50 cents, it would have been a \$500,000
02:42:51 12 investment. And I don't believe anybody should have
02:42:53 13 more than 20 percent of their net worth in any one
02:42:58 14 investment.

02:43:00 15 Q. June of 2011 was the largest month for your dinar
02:43:06 16 sales?

02:43:09 17 A. I believe so.

02:43:10 18 Q. Was that because of the hedge fund sales?

02:43:12 19 A. No. There were about four major events that
02:43:17 20 happened in the progression of our growth from -- I say
02:43:23 21 our real growth happened from about July of 2010 to July
02:43:29 22 of 2011. In that timeframe, the local banks and
02:43:35 23 regional banks quit selling dinar. My theory on that is
02:43:43 24 they didn't want to put up with what I was putting up
02:43:47 25 with.

02:43:47 1 Q. Which was what?

02:43:48 2 A. People coming in wanting to know this, that, and
02:43:51 3 the other thing. And banks don't want to be a resource.
02:43:55 4 They make a small margin on currency, and that's all
02:43:59 5 they wanted to do.

02:44:00 6 But it was kind of interesting that all these
02:44:02 7 banks around the country, smaller regional banks,
02:44:07 8 stopped selling about the same time. And they used the
02:44:10 9 excuse that, Oh, we thought these people were buying
02:44:13 10 dinar to go to visit Iraq to have currency in Iraq.

02:44:18 11 Q. So at some point people could no longer go to
02:44:21 12 Fifth Third or --

02:44:22 13 A. Huntington.

02:44:23 14 Q. -- any banks to buy --

02:44:24 15 A. Correct.

02:44:25 16 The second thing was that when Rudy did come on
02:44:28 17 the calls, no question, people, you know, came there,
02:44:32 18 and they found out about the BH Group.

02:44:35 19 The third event was when Ali Agha, Dinar Trade,
02:44:40 20 actually stopped trading for a certain period of time
02:44:44 21 due to some family problems he had.

02:44:46 22 Q. He was your supplier?

02:44:48 23 A. He was my supplier.

02:44:50 24 And the fourth event basically was when we put up
02:44:54 25 a website, and people could go, and they saw my Dinar

02:44:58 1 101. It became almost like a standard for the industry.

02:45:02 2 I was told that it had over half a million hits.

02:45:07 3 Q. Now, in the course of developing this hedge fund,
02:45:10 4 did Mr. Coenen tell you he had obtained a manager for
02:45:15 5 the fund?

02:45:15 6 A. Yes.

02:45:16 7 Q. And he called Apex?

02:45:19 8 A. Correct.

02:45:20 9 Q. Did Apex appear to be properly in a position to
02:45:24 10 do that job?

02:45:24 11 A. I did check Apex out on the internet, and I was
02:45:27 12 absolutely impressed. They're big time.

02:45:30 13 Q. And he told you he got a lawyer too?

02:45:33 14 A. Right.

02:45:33 15 Q. Did there come a time after about a month he told
02:45:36 16 you Apex was no longer there?

02:45:40 17 A. I don't know if it was a month or longer, but
02:45:45 18 eventually he told me Apex withdrew.

02:45:49 19 Q. And what reason did he give you for Apex
02:45:52 20 withdrawing?

02:45:53 21 A. Rudy told me that Apex withdrew because all of
02:45:59 22 the members started calling them. And actually that
02:46:03 23 made total sense with me because I know how it is to get
02:46:08 24 phone calls from people, and they want to know this
02:46:12 25 litany of answers and everything. And I could only do

02:46:15 1 so many myself.

02:46:16 2 Q. And the BH Group got those calls?

02:46:18 3 A. We got them ourselves.

02:46:20 4 Q. It didn't surprise you Apex got them?

02:46:22 5 A. Right.

02:46:22 6 Q. So you believed his explanation?

02:46:24 7 A. Right.

02:46:24 8 Q. Did you tell him you needed to get another
02:46:27 9 lawyer -- another manager?

02:46:29 10 A. Absolutely.

02:46:29 11 Q. Did he finally tell you he had?

02:46:31 12 A. He did.

02:46:32 13 Q. Who did he tell you he had hired?

02:46:33 14 A. Hannah Terhune.

02:46:34 15 Q. Did you look her up?

02:46:36 16 A. I did.

02:46:36 17 Q. What did you think?

02:46:37 18 A. Sounded outstanding. And the next thing I told
02:46:41 19 Rudy this time was, I want -- because I had told him I
02:46:45 20 wanted to go to New York City, and I wanted to meet Apex
02:46:48 21 and this lawyer. But when he told me about Hannah
02:46:54 22 Terhune, I said: When are we going to go see her? I
02:46:57 23 want to see her, and I want to look her in the eyes.

02:47:00 24 Q. When you got to the meeting on the -- let's step
02:47:03 25 back to April. We heard about the Glimdropper post.

02:47:06 1 A. Correct.

02:47:06 2 Q. You saw that?

02:47:07 3 A. Yes.

02:47:08 4 Q. Did you believe it?

02:47:09 5 A. No.

02:47:10 6 Q. Why not?

02:47:11 7 A. First of all, his moniker was Glimdropper. There
02:47:17 8 was a picture of Jethro Tull, who for you older people,
02:47:22 9 you might know who Jethro Tull is. He played the flute,
02:47:26 10 had a beret on, and looked like something out of the
02:47:30 11 '60s, and the guy is stoned. And the Glimdropper is
02:47:33 12 actually a con game to a degree, as I found out from my
02:47:40 13 attorney here. But that -- the bottom line is when
02:47:46 14 somebody sends me something from the internet, doesn't
02:47:49 15 tell me their name or who they are, I don't pay much
02:47:52 16 attention to it.

02:47:53 17 Q. But you nonetheless passed it on to Rudy?

02:47:56 18 A. Yes. I think I sent Rudy an e-mail or something
02:48:00 19 saying: If you've got anything to tell me, tell me now.
02:48:04 20 I want to know about it.

02:48:05 21 Q. Did Rudy tell you what Glimdropper said was true?

02:48:10 22 A. No.

02:48:10 23 Q. He told you it was false?

02:48:12 24 A. Exactly.

02:48:12 25 Q. He denied it?

02:48:14 1 A. Absolutely.

02:48:14 2 Q. We heard a call yesterday from June 27 in which
02:48:19 3 he makes a vigorous denial and says he's going to go
02:48:23 4 after him; he has his name and phone number, correct?

02:48:26 5 A. Correct.

02:48:26 6 Q. Certainly didn't admit it then?

02:48:28 7 A. Correct.

02:48:29 8 Q. Did you believe his denial?

02:48:31 9 A. I did.

02:48:31 10 Q. Nonetheless, in June you had some direct
02:48:35 11 communication with Glimdropper different than the point
02:48:38 12 about Rudy. Do you recall that?

02:48:40 13 A. Correct.

02:48:40 14 Q. You went to Mr. Varner. You two were talking
02:48:45 15 about how to respond?

02:48:46 16 A. Correct. Mr. Varner and PK, the IT guy, we were
02:48:51 17 working on the Emerging Gains website, and this issue
02:48:56 18 came up.

02:49:02 19 And I really was offended again by Glimdropper
02:49:07 20 making these comments. And this time he's bringing the
02:49:10 21 BH Group in and saying we were a scam. And so Mr.
02:49:16 22 Varner helped draft a letter to actually respond to this
02:49:22 23 voice over the internet.

02:49:25 24 Q. And that was late June?

02:49:27 25 A. I believe so.

02:49:28 1 Q. The 26th, 27th, something like that?

02:49:31 2 A. Right.

02:49:32 3 Q. A month later you're with the FBI talking about
02:49:34 4 Rudy Coenen?

02:49:35 5 A. Correct.

02:49:36 6 Q. July 5 you have a meeting in Delaware?

02:49:41 7 A. Correct.

02:49:41 8 Q. You, Mr. Coenen, Mr. Brennan, and Ms. Terhune?

02:49:44 9 A. Correct.

02:49:46 10 Q. What do you recall about that meeting?

02:49:47 11 A. A lot.

02:49:48 12 Q. Tell the jury what you recall.

02:49:51 13 A. Well, first of all, I met Rudy on the east coast,
02:49:57 14 and we had to take a ferry to go out to this location to
02:50:01 15 meet Hannah Terhune and her associate. I didn't know
02:50:06 16 who he was at the time. And so we get there, and we go
02:50:09 17 to this restaurant right at the terminal. And Hannah
02:50:13 18 and her partner sit down on one side, and Rudy and I are
02:50:16 19 on the other side. And the first question I asked her,
02:50:22 20 I said: Hannah, we have taken money from people for
02:50:26 21 inception seats for this hedge fund. Do we have a
02:50:30 22 problem? That was the first thing I asked her.

02:50:35 23 Q. What did she tell you?

02:50:37 24 A. She looked at Mr. Brennan and said: Jim, what
02:50:40 25 can we come up with here? Can we come up with a --

02:50:47 1 what do you call that, a fund or a holding account.

02:50:51 2 Q. Trust fund?

02:50:52 3 A. Well, it's where you hold the money.

02:50:54 4 Q. Escrow?

02:50:55 5 A. Escrow account. Can we come up with an escrow
02:50:58 6 account with an L.L.C. that can act as an intermediary
02:51:03 7 before we get this registered? And I was glad to see
02:51:06 8 she at least was immediately creative. And so then we
02:51:11 9 had our meeting. And I think the meeting was at least
02:51:15 10 three hours. It was until the next ferry was coming
02:51:18 11 over. And the bottom line then was I told them about
02:51:24 12 Rudy and --

02:51:25 13 Q. Rudy's right there?

02:51:26 14 A. Rudy's right there.

02:51:28 15 Q. Doesn't deny anything you say?

02:51:29 16 A. He doesn't deny it. And I didn't want him to
02:51:32 17 have to tell about himself. So I told Hannah and Jim
02:51:37 18 about his background. And he doesn't deny anything.
02:51:40 19 And I told them about my background, and learned a lot
02:51:45 20 about her and her company and their involvement in hedge
02:51:51 21 funds. And I was very impressed.

02:51:53 22 Q. And they agreed to continue representing you?

02:51:55 23 A. Yes.

02:51:56 24 Q. What did Hannah tell you she would do?

02:52:03 25 A. Hannah, regarding the initial question, which was

02:52:08 1 a big thing for me, said: I'll get back to you, Brad,
02:52:12 2 on what we can do, if anything.

02:52:15 3 Q. Why was it such a big thing for you?

02:52:17 4 A. I didn't -- I didn't know if there -- I had heard
02:52:21 5 something about taking money up front was not allowed or
02:52:26 6 if it was a violation of the SEC. I'm completely out of
02:52:29 7 my realm.

02:52:30 8 Q. And so you asked the lawyer?

02:52:31 9 A. I asked the lawyer who we --

02:52:35 10 Q. She said she'd get back to you?

02:52:35 11 A. She said she'd get back to me.

02:52:38 12 Q. And did she?

02:52:39 13 A. She did.

02:52:43 14 Q. About when?

02:52:44 15 A. She got back about the 14th of that month at
02:52:48 16 about 9:00 at night.

02:52:55 17 Q. Now, this e-mail doesn't go to you, correct?

02:53:01 18 A. I don't see my name.

02:53:05 19 Q. Could you blow that part up, please.

02:53:16 20 Now, in it she said: I had to tell him today.
02:53:25 21 That's July 14. That's when she called and told you you
02:53:29 22 had to return the money, right?

02:53:31 23 A. She called me at approximately 9:00 at night and
02:53:34 24 said: Brad, I have to tell you this. You need to put
02:53:40 25 that money into an escrow account, and sooner would be

02:53:47 1 better than later.

02:53:50 2 Q. Did you ever get a memo from that law firm about
02:53:55 3 that issue that you had to return the money?

02:54:02 4 A. I don't believe so.

02:54:04 5 Q. You heard her talk about having Mr. Brennan write
02:54:07 6 you a letter?

02:54:08 7 A. Right.

02:54:08 8 Q. Did you ever get a letter from Mr. Brennan?

02:54:11 9 A. I don't believe so.

02:54:13 10 Q. What did you do as a result of that phone call?

02:54:16 11 A. At about 9:05 I called Rudy Coenen.

02:54:20 12 Q. What did you tell him?

02:54:21 13 A. I said: Rudy, I just talked -- I got a phone
02:54:25 14 call from Hannah Terhune, and she told me that we have
02:54:28 15 to put that money for the inception seats into a trust
02:54:32 16 account.

02:54:34 17 Q. What did Rudy tell you?

02:54:35 18 A. Rudy said: I'll get it handled.

02:54:38 19 The next thing I said to him, I said: Do you
02:54:40 20 want me to send you the check for the \$60,000 or
02:54:43 21 whatever it was, my compensation for getting the people
02:54:49 22 assigned for Bayshore Capital.

02:54:51 23 He said: No, that's not necessary. You earned
02:54:54 24 that money, and I've got money in a different account.
02:54:57 25 I'll take care of it.

02:54:58 1 I said: Rudy, you need to take care of this
02:55:01 2 tomorrow. And I need to get some proof that it's done.

02:55:04 3 Q. You had been after him for some time to get
02:55:07 4 records of where the funds were?

02:55:09 5 A. Kelly and Shelby, who were doing all the
02:55:12 6 processing of the paperwork, wanted to make sure that
02:55:17 7 these people were getting -- that this money was going
02:55:21 8 into the account, and they wanted to see the bank
02:55:24 9 statements reflecting how much they had sent.

02:55:27 10 Q. At one point you held checks?

02:55:31 11 A. Yes.

02:55:31 12 Q. Because you wanted to put pressure on him to send
02:55:34 13 you records?

02:55:35 14 A. Kelly and Shelby were really handling a lot of
02:55:38 15 that. I knew there was some problem about that, and I
02:55:41 16 probably talked to Rudy and said: Rudy, give the
02:55:44 17 information to the girls because they need it.

02:55:47 18 Q. Did you start getting calls from people whose
02:55:50 19 checks were being held about the fact that they had not
02:55:54 20 gone through?

02:55:54 21 A. That was the problem. Everybody wanted to know
02:55:57 22 what's their seat number and where is my -- why has my
02:56:03 23 check not been cashed, on and on.

02:56:07 24 Q. So you eventually sent them down?

02:56:09 25 A. Yes.

02:56:09 1 Q. You sent all the money to Rudy Coenen?

02:56:11 2 A. That is correct.

02:56:12 3 Q. You sent all of the applications to Rudy Coenen?

02:56:15 4 A. That is correct.

02:56:15 5 Q. They were found in his Jacksonville office?

02:56:18 6 A. That is correct.

02:56:19 7 Q. Now, in late June you also were looking at a
02:56:23 8 different business. Do you recall that?

02:56:25 9 A. Yes.

02:56:26 10 Q. Pull up Exhibit 587, please. Can you enlarge the
02:57:01 11 check, please.

02:57:02 12 That's a check from you?

02:57:03 13 A. Yes.

02:57:04 14 Q. To Ari Seaman?

02:57:05 15 A. Correct.

02:57:05 16 Q. From Commercial Energy Products?

02:57:07 17 A. Correct.

02:57:08 18 Q. And it looks like it says three percent grow
02:57:12 19 lights; is that correct?

02:57:12 20 A. That's correct.

02:57:13 21 Q. Can you tell the jury what that's about?

02:57:15 22 A. Ari, who was the exclusive rep for EverLast
02:57:20 23 Manufacturing, EverLast kind of changed the marketing
02:57:27 24 agreement with Ari, and they started taking on other
02:57:32 25 people around the state. And --

02:57:35 1 Q. EverLast is the induction lighting company?

02:57:41 2 A. Induction lighting company, correct.

02:57:44 3 And I totally understood what the owner was going
02:57:47 4 through. He was growing so fast, and the faster he
02:57:51 5 grew, the more money he needed. He needed a traditional
02:57:54 6 plant, equipment, inventory, employees, and all that.
02:57:57 7 So he had to work an arrangement out with financing
02:58:02 8 companies to basically pay for the orders up front. And
02:58:06 9 so Ari and a couple of his associates went off into a
02:58:12 10 niche market of lighting. And it's come to pass here
02:58:19 11 quite a bit in the last year versus back then. And this
02:58:25 12 induction lighting was the lighting that was the most
02:58:29 13 successful in the cannabis industry.

02:58:32 14 Q. Medical marijuana?

02:58:33 15 A. Marijuana industry. And also they had a major
02:58:38 16 player in Sandusky, Ohio, Farmer Jones, who converted
02:58:44 17 his whole operation for vegetables and greenhouse. And
02:58:51 18 this guy was big time. He manufactured baby miniature
02:58:57 19 vegetables for the Whitehouse, Ritz-Carlton, a big time
02:59:02 20 guy.

02:59:04 21 Q. And you started in May of '11. You put in
02:59:08 22 10,000.

02:59:08 23 Can you pull up 588, please.

02:59:14 24 That's a check that's dated June 24?

02:59:30 25 A. Right.

02:59:31 1 Q. Another \$10,000?

02:59:32 2 A. Right.

02:59:32 3 Q. What was that for?

02:59:33 4 A. The total of this, if you see down in the lower
02:59:37 5 corner, was for 3 percent of the company. And that came
02:59:42 6 out of Ari Seaman's share.

02:59:44 7 Q. You paid \$20,000?

02:59:46 8 A. Right.

02:59:49 9 MR. KERGER: Your Honor, this might be an
02:59:51 10 appropriate time to break.

02:59:52 11 THE COURT: Are you about to go into a new
02:59:55 12 topic?

02:59:55 13 MR. JACKSON: Yes.

02:59:56 14 THE COURT: Okay. We'll take our lunch
02:59:58 15 break then at this time. It's almost noon. One hour,
03:00:02 16 please. And remember the rules. We're in recess.

03:56:25 17 (Lunch recess taken.)

03:56:30 18 (The jury is not present; in the courtroom
03:56:39 19 with Juror Number 3.)

03:57:26 20 THE COURT: Let the record reflect we're in
03:57:28 21 the courtroom with counsel and our parties, and no one
03:57:33 22 else other than the staff. And we have Juror Number 3
03:57:36 23 here. And the reason why we've called you in is it's
03:57:39 24 come to my attention that you had a conversation, a
03:57:42 25 brief conversation with a cousin today.

03:57:46 1 THE JUROR: I was startled to see -- I had
03:57:48 2 walked down there, and I came back out, and I looked,
03:57:51 3 and I thought: Oh, my gosh, it's my cousin Jack.

03:57:54 4 THE COURT: What a nice name, too.

03:57:57 5 THE JUROR: And I said -- and I haven't seen
03:58:01 6 him for ages. And I said -- normally I never say to
03:58:05 7 somebody: Remember me?

03:58:06 8 THE COURT: Let me stop you for a second.
03:58:08 9 Relax.

03:58:11 10 THE JUROR: Okay.

03:58:12 11 THE COURT: What I want to inquire first is
03:58:15 12 how close a cousin is he to you?

03:58:17 13 THE JUROR: He is my first cousin, but I
03:58:18 14 have not talked to him --

03:58:20 15 THE COURT: In how long?

03:58:22 16 THE JUROR: I'm going to say the last time I
03:58:24 17 physically saw him is when his mother passed away about
03:58:27 18 seven years ago.

03:58:29 19 THE COURT: Do you talk on the phone or
03:58:31 20 anything like that?

03:58:32 21 THE JUROR: No.

03:58:32 22 THE COURT: So the last time you talked or
03:58:34 23 saw him would have been seven years ago?

03:58:36 24 THE JUROR: Just about, yes.

03:58:37 25 THE COURT: Do you know what he does for a

03:58:39 1 living?

03:58:40 2 THE JUROR: I just know that -- because
03:58:41 3 we're the same age, I just know that he has a law
03:58:45 4 degree. But as far as I know, he hasn't practiced,
03:58:50 5 because I know that he and his wife were owners of a
03:58:54 6 travel agency. And as far as I knew, Jack hadn't been
03:58:58 7 practicing law.

03:59:00 8 THE COURT: Do you know why he's in the
03:59:02 9 courthouse, why you saw him today?

03:59:04 10 THE JUROR: No. I just assumed that he was,
03:59:06 11 you know, somebody that was here just watching or
03:59:11 12 whatever.

03:59:14 13 MR. BOSS: No questions.

03:59:15 14 THE COURT: Does anybody want me to inquire
03:59:16 15 any further?

03:59:18 16 MR. KERGER: No, Your Honor.

03:59:19 17 MR. JACKSON: No. Thank you.

03:59:36 18 (Discussion had off the record.)

03:59:50 19 THE COURT: Everyone is fine. Are you okay?

03:59:52 20 THE JUROR: Yes.

03:59:53 21 THE COURT: Call in the rest of the jurors,
03:59:56 22 please.

04:01:46 23 (Jury enters the courtroom).

04:01:49 24 THE COURT: Counsel may continue with
04:01:51 25 redirect.

04:01:54 1 BY MR. KERGER:

04:02:07 2 Q. Mr. Huebner, you were developing a website called
04:02:11 3 Emerging Gains?

04:02:12 4 A. Yes.

04:02:13 5 Q. Tell the jury how that came about and what it
04:02:17 6 intended to do.

04:02:20 7 THE WITNESS: Could you speak a little
04:02:21 8 louder, please.

04:02:21 9 THE COURT: Yes, you're not coming through
04:02:54 10 very clearly.

04:02:54 11 Q. Emerging Gains, can you tell the jury what the
04:02:57 12 concept was?

04:02:58 13 A. Yes. The focus in the dinar world had been rate
04:03:04 14 and date. And that put people that were investing on
04:03:09 15 the emotional roller coaster, as we called it, the dinar
04:03:13 16 roller coaster.

04:03:17 17 Also, when we were going to be asking people to
04:03:21 18 put \$1 million into a hedge fund once the revaluation
04:03:25 19 happened, I thought it was critically important that
04:03:30 20 they understand what was going on in Iraq, to see visual
04:03:36 21 pictures of Iraq. All you saw in the American media was
04:03:41 22 IED bombs going off, all negative news about the
04:03:47 23 military operations in Iraq and the decimation that it
04:03:51 24 was causing.

04:03:53 25 Simultaneous to this, you had companies like

04:03:56 1 General Electric and Seaman and major oil companies that
04:04:02 2 were making huge progress building electrical plants,
04:04:09 3 all types of infrastructure, and yet nobody ever heard
04:04:13 4 any of the positive news about Iraq. And as I explained
04:04:19 5 before, the rest of the Middle East countries are
04:04:24 6 burgeoning economies and beautiful architectures, and
04:04:28 7 I'm sure some of you have seen Dubai; it's basically
04:04:33 8 Iran and Iraq were left in the stone age. So Emerging
04:04:39 9 Gains was going to be a website, and I had a little
04:04:43 10 phrase about it: It's the country, not the currency.
04:04:47 11 We weren't going to talk about the currency whatsoever.
04:04:51 12 We wanted to give people all kinds of journalistic
04:04:54 13 information and pictures about what was truly happening
04:04:58 14 inside Iraq so that they would feel good about their
04:05:03 15 investment.

04:05:05 16 Q. Who came up with the idea?

04:05:06 17 A. I actually did and PK. And they decided, you
04:05:13 18 know, that they --

04:05:14 19 Q. They, who?

04:05:15 20 A. PK and Tim Varner, excuse me.

04:05:19 21 They wanted to take it even further and have,
04:05:23 22 like, a news reporting for different countries that were
04:05:28 23 going through this Arab spring. Each of these
04:05:32 24 countries was fighting for their independence away from
04:05:36 25 the monarchs or dictators that were running these

04:05:40 1 countries. And what we found was that social media was
04:05:43 2 able to mobilize the people like never before. And guys
04:05:49 3 like Muammar Gaddafi and Assad and these people, really
04:05:56 4 their days are numbered because now with the thirst for
04:05:59 5 freedom, people are not going to put up with this kind
04:06:03 6 of dictatorship. And you see what's happened in the
04:06:06 7 ensuing months since the original Arab spring started
04:06:11 8 with the fruit vendor that put himself on fire. That
04:06:14 9 was the catalyst.

04:06:15 10 Q. When did you start this development on Emerging
04:06:22 11 Gains?

04:06:22 12 A. I really was very sensitive to this whole rate
04:06:25 13 and date issue, that whole theme of education. I think
04:06:29 14 the first seed came out in a meeting with PK and I
04:06:34 15 probably in about April/May of 2011.

04:06:39 16 Q. When did work begin in earnest in putting the
04:06:43 17 website up?

04:06:44 18 A. Well, we decided to have it a fixed date, so we
04:06:50 19 put pressure on ourselves to be able to make sure that
04:06:53 20 we would come through.

04:06:55 21 Q. What date did you pick?

04:06:57 22 A. We picked July 27, 2011. And from a marketing
04:07:04 23 point of view, we just started putting little seeds out
04:07:09 24 on our calls that something big was going to happen on
04:07:12 25 July 27th, so stay tuned, you know, just a curiosity

04:07:18 1 point. But I think in earnest the work -- it was more
04:07:24 2 or less IT work and journalistic work began in May of
04:07:30 3 2011.

04:07:32 4 Q. Who was doing it?

04:07:33 5 A. Prakash, PK, was doing all of the IT work, and
04:07:40 6 Tim and I were working on the website. He was working
04:07:46 7 with journalists, photographers, and I was educating him
04:07:51 8 as to what I thought we should be looking at presenting
04:07:56 9 in this website.

04:07:57 10 Q. Now, PK and Varner were being paid?

04:08:01 11 A. Yes, they were.

04:08:02 12 Q. Who paid them?

04:08:02 13 A. Rudy Coenen did from Bayshore.

04:08:05 14 Q. How did that come about?

04:08:06 15 A. Rudy was actually at a meeting in Toledo, and it
04:08:10 16 was one of our brainstorming meetings, and Rudy got
04:08:21 17 really excited when he understood the full spectrum of
04:08:25 18 the Emerging Gains website; and wanted to know if he
04:08:30 19 paid for it, could he participate in it. I kind of felt
04:08:37 20 obligated because he had let me become part of the hedge
04:08:40 21 funds, so I said: Rudy, I have no problem with that.

04:08:43 22 Q. Now, when did you work? Would you work during
04:08:48 23 the day?

04:08:49 24 A. Well, my day was pretty busy. I mean, I --
04:08:54 25 towards the end we committed to three nights a week, all

04:09:00 1 three of us get together. Rudy never got together on
04:09:03 2 the project.

04:09:05 3 Q. He's in Jacksonville?

04:09:06 4 A. He's in Jacksonville.

04:09:08 5 Q. The three of you are in Toledo working three
04:09:10 6 nights a week and during the day to hit this July 27th
04:09:14 7 deadline?

04:09:15 8 A. That is correct.

04:09:16 9 Q. Were you prepared to hit the deadline?

04:09:18 10 A. Yes, we were.

04:09:19 11 Q. Would there have been a fee to view the website?

04:09:21 12 A. Yes, there was.

04:09:22 13 Q. What was the fee?

04:09:24 14 A. At first I had no -- I didn't even think about
04:09:28 15 having it be a subscription site.

04:09:31 16 Q. Who thought that up?

04:09:32 17 A. Actually Tim Varner, and then Rudy felt pretty
04:09:39 18 strongly about it as well.

04:09:41 19 Q. What was the fee?

04:09:43 20 A. The fee was going to be, like, \$9 a month. And
04:09:52 21 it made perfect sense for me because I'm familiar with
04:09:56 22 other types of subscription sites. And I knew the dinar
04:10:01 23 community was thirsty for information about Iraq because
04:10:04 24 none of us knew what was really going on in the country
04:10:10 25 and ever see visual pictures of Iraq.

04:10:13 1 Q. Was the idea that you'd upload the information
04:10:17 2 once, and that would be it?

04:10:18 3 A. No. There would be constant adaptations to the
04:10:24 4 site and, you know, and have it be like a daily or
04:10:27 5 weekly site of different things that were going on in
04:10:31 6 Iraq.

04:10:32 7 Q. All dedicated to Iraq?

04:10:33 8 A. All dedicated to Iraq. And the rule we had was
04:10:39 9 that there was not to be any mention of the dinar or the
04:10:42 10 currency.

04:10:44 11 Q. And you couldn't go on to that site and buy
04:10:46 12 dinar?

04:10:47 13 A. No.

04:10:49 14 Q. Did there come a time when you and Rudy had an
04:10:53 15 argument?

04:10:53 16 A. Yes.

04:10:54 17 Q. How did that come about?

04:10:55 18 A. It came about because we were doing the site, Tim
04:11:03 19 and Prakash and I, and this Glimdropper -- second
04:11:12 20 Glimdropper letter came. And Mr. Varner was dealing
04:11:17 21 with various people in Iraq, and the particular people
04:11:23 22 were the royal family -- representative of the royal
04:11:28 23 family of Kurdistan, which Kurdistan is the northern
04:11:32 24 region of Iraq. And the gentleman seemed pretty excited
04:11:37 25 about what we were going to do. And he said: Well, we

04:11:40 1 will definitely have to check out the management of the
04:11:42 2 company.

04:11:43 3 Q. What did Tim say to you about that?

04:11:45 4 A. He said: We've got a problem with all these
04:11:49 5 rumblings on the internet with Rudy. What can we do
04:11:54 6 about it?

04:11:55 7 Q. And whether true or not, you knew those
04:11:59 8 rumblings would stay there on the internet?

04:12:04 9 A. Yes.

04:12:05 10 Q. Be publicly available forever, even if proven
04:12:08 11 false?

04:12:08 12 A. Correct.

04:12:09 13 Q. Did you believe them to be true?

04:12:10 14 A. No, I didn't at the time.

04:12:11 15 Q. Were you hiding that stuff from people from
04:12:13 16 Kurdistan because you were trying to defraud them?

04:12:16 17 A. No.

04:12:16 18 Q. What were you trying to do?

04:12:18 19 A. I was basically just trying to have a clean
04:12:29 20 slate, if you will, showing me as the manager of this
04:12:31 21 fund because I didn't know if there was anything
04:12:34 22 relative to the allegations on the internet. And if it
04:12:39 23 wasn't true, then I didn't want it to hurt the
04:12:42 24 reputation of Emerging Gains.

04:12:44 25 Q. Did you have a lot of time to investigate and

04:12:46 1 make changes?

04:12:47 2 A. No. Because we were on the time schedule, and we
04:12:51 3 were applying for credit card financial deals. And I
04:13:01 4 had a business advisor in Las Vegas that did a lot of my
04:13:05 5 L.L.C.s for me, and he needed X amount of time to get it
04:13:10 6 done. So Tim and PK and I agreed that I would form the
04:13:17 7 L.L.C. myself, and then what I would do is make a
04:13:20 8 separate profit sharing agreement with Rudy.

04:13:25 9 Q. Rudy was upset with that?

04:13:29 10 A. Yeah.

04:13:30 11 Q. Did he yell at you?

04:13:31 12 A. Yes.

04:13:31 13 Q. Came back to Toledo and secretly recorded the
04:13:34 14 conversation with you?

04:13:35 15 A. Yes, he did.

04:13:36 16 Q. We tried to play that a couple days ago, but the
04:13:39 17 audio was really bad?

04:13:41 18 A. Correct.

04:13:41 19 Q. This is after he's supposedly told you he's not a
04:13:44 20 Marine, and he's not a former JP Morgan employee, right?

04:13:48 21 A. Right.

04:13:49 22 MR. KERGER: Your Honor, the government has
04:13:50 23 prepared a transcript of that tape, which is better than
04:13:53 24 the tape. I'd like to read certain excerpts from that.

04:13:59 25 MR. CRAWFORD: That's fine with us, Your

04:13:59 1 Honor.

04:14:01 2 BY MR. KERGER:

04:14:01 3 Q. Beginning on page 5, the sentence at line 15.

04:14:06 4 "Mr. Coenen: So I've taken over the website. I
04:14:21 5 signed the agreements, the revenue sharing, and I'm
04:14:25 6 giving you the revenue sharing here. I think it's very
04:14:28 7 admirable. If you do one million, you're going to get
04:14:31 8 \$150,000 to \$200,000. I think that's really cool on my
04:14:34 9 part. It's sweat equity. You haven't put any equity
04:14:38 10 into it. As a matter of fact, all you do is \$170,000
04:14:42 11 for over a month and a half."

04:14:44 12 What's he referring to?

04:14:45 13 A. He was referring to the Bayshore Capital checks
04:14:48 14 for the hedge funds.

04:14:51 15 Q. "I want to tell you what that caused. That
04:14:53 16 caused checks to start bouncing in my account because
04:14:56 17 they were written in May, and you held the checks all
04:14:59 18 the way from May for 30 days" --

04:15:06 19 THE COURT: Whoa. You're going too fast.
04:15:11 20 You're like a train out of control.

04:15:11 21 BY MR. KERGER:

04:15:16 22 Q. "You held checks all the way from May for 30
04:15:19 23 days, right upon a check it gets cancelled. So I've got
04:15:23 24 thousands of dollars bouncing on me, and I've got to
04:15:27 25 contact these clients about -- to tell them to reissue a

04:15:31 1 check. How in the hell does that work? Brad, you were
04:15:35 2 [inaudible].

04:15:38 3 "What happened is that you let guys screw with
04:15:41 4 your brain. For about a month and a half all that
04:15:44 5 happened was you thought he was right, and I was wrong,
04:15:46 6 and you never stood by me."

04:15:48 7 What did you understand that to refer to.

04:15:52 8 A. I understood that Rudy didn't think that I was
04:15:57 9 standing by him.

04:16:04 10 Q. "And you know, Brad, that's basically the last
04:16:11 11 month and a half. And you may not realize it, Brad, but
04:16:14 12 the way you were talking to me, everyday questioning me
04:16:16 13 on accounting, questioning me on where the money was
04:16:19 14 being spent, questioning me on what I was doing; I was,
04:16:23 15 like: Wait a minute, here. I'm an investment advisor.
04:16:27 16 And I know ethically what to do with money, so I'm very
04:16:31 17 transparent. I save -- don't save every receipt, guys.
04:16:36 18 I'm asinine when it comes to receipts and how I place my
04:16:39 19 account, especially monies that I don't need to be
04:16:42 20 applied for a certain project. But you questioned me.
04:16:44 21 And it didn't become a question of accounting; it was
04:16:46 22 now a question of ethicals. And you were so adamant
04:16:50 23 about it."

04:16:50 24 Do you recall him saying that?

04:16:51 25 A. Yes, I do.

04:17:09 1 Q. "You know what I told you on the ferry. What do
04:17:12 2 you mean, I'm not on there? You told me you blew up,
04:17:16 3 and I'm not putting you on there because of this and
04:17:18 4 that. But, you know, Brad, I would have said: Hey, my
04:17:21 5 partner, you know what, on the internet you have a bad
04:17:24 6 reputation, but in person, I've met his family, I've
04:17:27 7 been to his home, I've been to his office, I've seen
04:17:30 8 what he's doing. It's consistent with what he says.
04:17:33 9 You know what the facts are, so he can" -- these are Mr.
04:17:36 10 Coenen's words -- "so he can go fuck himself. I'm
04:17:39 11 going to stand by my partner. You know what Marines do?
04:17:42 12 They stand by each other. I don't give a shit what they
04:17:46 13 do; they stand one by one next to each other through
04:17:48 14 thick and thin, and that's the way I was brought up."

04:17:52 15 Did he tell you that?

04:17:53 16 A. Yes, he did.

04:17:54 17 Q. He said he'd been in the Marines, right?

04:17:58 18 A. Yes.

04:17:59 19 Q. After he supposedly told you on the ferry boat he
04:18:03 20 wasn't?

04:18:03 21 A. That is correct.

04:18:11 22 Q. He stormed out?

04:18:12 23 A. Yes.

04:18:13 24 Q. This was about when?

04:18:15 25 A. It was about 6:00 at night.

04:18:21 1 Q. No, what day, ballpark?

04:18:23 2 A. Towards the middle of July, I believe.

04:18:27 3 Q. Maybe ten days from when the site has to go up?

04:18:30 4 A. Correct.

04:18:31 5 Q. And you tried to save the situation?

04:18:32 6 A. Yes.

04:18:34 7 Q. You sent him a proposal that we've seen?

04:18:36 8 A. Yes.

04:18:37 9 Q. Pull up Exhibit 147, please.

04:19:04 10 You sent him an e-mail dated July 19?

04:19:07 11 A. I believe so.

04:19:08 12 Q. And in that you say you're not going to put him

04:19:13 13 in management because of this concern about the

04:19:16 14 internet?

04:19:16 15 A. Correct.

04:19:25 16 MR. KERGER: I'm advised it's 146, Your

04:19:30 17 Honor.

04:19:36 18 That's not the right one.

04:19:37 19 I'll go on. The government showed it to

04:19:42 20 him. The July 19.

04:19:42 21 BY MR. KERGER:

04:19:44 22 Q. You remember?

04:19:45 23 A. Yes.

04:19:46 24 Q. July 19. You were trying to stop him from

04:19:49 25 blowing up Emerging Gains?

04:19:51 1 A. Correct.

04:19:51 2 Q. You'd invested money and time in it?

04:19:54 3 A. A lot.

04:19:55 4 Q. And you told people it was going to come out on
04:19:57 5 the 27th?

04:19:57 6 A. Right. Our credibility was on the line.

04:19:59 7 Q. Did you know if what Glimdropper was saying was
04:20:03 8 true?

04:20:03 9 A. No, I did not.

04:20:05 10 Q. He, in fact, in an argument just days before said
04:20:10 11 Glimdropper was a liar, that you'd been to his home,
04:20:13 12 you'd seen his family, you knew what he was about,
04:20:16 13 didn't he?

04:20:16 14 A. Yes, he did.

04:20:18 15 Q. And then you had a phone call late one night. Do
04:20:23 16 you recall that?

04:20:24 17 A. Oh, yes.

04:20:25 18 Q. PK?

04:20:26 19 A. PK called me.

04:20:27 20 Q. What did he say when he called you?

04:20:29 21 A. PK called me about midnight, and I could tell
04:20:33 22 there was something definitely wrong. His voice was
04:20:37 23 very apprehensive, very shaky.

04:20:40 24 And he said: I've got to see you.

04:20:44 25 I said: Well, come on down to the office in the

04:20:47 1 morning.

04:20:47 2 He said: No, I've got to see you now.

04:20:50 3 I was very startled. I said: Well, where are
04:20:53 4 you?

04:20:53 5 He goes: I'm up in Ann Arbor at whatever hotel.

04:20:57 6 I said: Okay, I'll be there.

04:21:00 7 So I got in my car and drove up to Ann Arbor. I
04:21:04 8 arrived there about 1:00.

04:21:06 9 Q. What was the discussion that ensued?

04:21:08 10 A. Tim Varner was there and PK, and I was in the
04:21:14 11 lobby, and they came down from their room, and I could
04:21:18 12 tell something was dramatically wrong. And so I was
04:21:22 13 sitting there.

04:21:23 14 And PK goes -- said something about: There's
04:21:28 15 something we have to share with you.

04:21:31 16 I go: What is it?

04:21:33 17 He goes: Rudy Coenen isn't who he says he is.

04:21:38 18 Q. What did he say about him?

04:21:40 19 A. Well, I think he produced a report then from a
04:21:46 20 private investigator that he had hired, and he started
04:21:53 21 going through it, you know, relating different issues.

04:21:57 22 Q. Did it have bankruptcies?

04:21:59 23 A. It had bankruptcies.

04:22:02 24 Q. DUI?

04:22:02 25 A. Yes.

04:22:06 1 Q. Domestic violence?

04:22:08 2 A. Yes.

04:22:08 3 Q. Say anything about the Marines?

04:22:09 4 A. No.

04:22:10 5 Q. Did it say anything about JP Morgan?

04:22:13 6 A. No.

04:22:13 7 Q. What was your reaction?

04:22:15 8 A. There was basically for the first time some
04:22:23 9 physical proof that contradicted a lot of the stuff Rudy
04:22:29 10 had said to me before.

04:22:32 11 Q. Were you shaken by it?

04:22:34 12 A. Very shaken.

04:22:35 13 Q. Did they give you a copy?

04:22:36 14 A. No, they did not.

04:22:37 15 Q. What did you do to get a copy?

04:22:39 16 A. I had to go hire the same private investigator to
04:22:42 17 get the copy.

04:22:43 18 Q. You read it?

04:22:44 19 A. Yes.

04:22:45 20 Q. What did you do?

04:22:46 21 A. I -- I think I was there on, like, a Wednesday
04:23:00 22 night or something. And I didn't get the copy, I don't
04:23:04 23 believe, from the private investigator for a few days.
04:23:08 24 I'm not sure about that. But the next morning -- or no,
04:23:12 25 that night, I believe, I went home and just started

04:23:16 1 reflecting on issues about Rudy and tried to put pros
04:23:21 2 and cons, literally, on the paper of -- to try to make
04:23:27 3 sense of this whole thing. And then the next morning I
04:23:30 4 called Mike Teadt.

04:23:31 5 Q. Why did you call Mike?

04:23:32 6 A. Because I trust Mike. Mike's a very bright guy.
04:23:36 7 He's a friend. And he knows Rudy. And I wanted to get
04:23:40 8 his opinion on what I should do because I really didn't
04:23:46 9 know what to do, who to go to at this time.

04:23:50 10 Q. What was decided on that call?

04:23:52 11 A. Well, he said: Brad, do you remember Marty
04:23:56 12 Torgler from Miami? He's an FBI guy out of Detroit.

04:24:00 13 I said: Yeah, I played ball with Marty at Miami.
04:24:05 14 And he was from Toledo Woodward. So he had apparently
04:24:10 15 called Marty and got his permission for me to call him.

04:24:15 16 And Saturday --

04:24:17 17 Q. Did you call Marty?

04:24:18 18 A. Yes, I did. I called him Saturday morning. And
04:24:21 19 Marty said: You're doing absolutely the right thing.
04:24:26 20 And he said: I'll try to make an appointment with you
04:24:29 21 with the FBI on the first part of the week.

04:24:33 22 Q. Did you make an appointment?

04:24:35 23 A. Marty called me back on, I believe, Monday and
04:24:38 24 gave me the name of Tom Pearson and phone number, and I
04:24:43 25 called that day. And as soon as he could see me was

04:24:48 1 Wednesday, which happened to be July 27th.

04:24:51 2 Q. The launch date?

04:24:53 3 A. The launch date of our program.

04:24:57 4 Q. You went down?

04:24:58 5 A. I -- I mean, obviously this is something you just
04:25:04 6 don't do is call the FBI and go down there. I mean,
04:25:07 7 it's a serious deal. And so I decided I would take an
04:25:12 8 attorney with me to this meeting.

04:25:16 9 Q. Did you?

04:25:16 10 A. I did.

04:25:17 11 Q. Who did you take?

04:25:18 12 A. Bill Lindsley.

04:25:19 13 Q. A friend?

04:25:20 14 A. Friend and attorney.

04:25:24 15 Q. You went there. Who did you meet with?

04:25:26 16 A. I met with Tom Pearson. And unbeknownst to me,
04:25:30 17 Special Agent Eric Kost was in the meeting.

04:25:33 18 Q. Did you have any idea you were being
04:25:35 19 investigated?

04:25:36 20 A. None whatsoever.

04:25:38 21 Q. Did you go down there because you knew Rudy was a
04:25:41 22 bad guy or because you expected he might be?

04:25:44 23 A. I expected he might be.

04:25:47 24 Q. You went down there, and you told them what you
04:25:49 25 knew?

04:25:49 1 A. Right.

04:25:51 2 Q. The meeting ended?

04:25:53 3 A. Yes. Bill Lindsley had an appointment at about
04:25:58 4 10:30 he had to go to. We were there from about 9:00
04:26:03 5 to 10:00. So we went back. Bill had to go to his
04:26:07 6 appointment. I went back to my office.

04:26:09 7 Q. The meeting was shorter than you anticipated?

04:26:11 8 A. Yes. I -- honestly, I didn't know how long the
04:26:14 9 meeting would last.

04:26:14 10 Q. So you go back to your office?

04:26:16 11 A. I get back to my office about 10:15.

04:26:19 12 Q. What are you doing?

04:26:21 13 A. I went into the training room and made a phone
04:26:24 14 call to Ari Seaman, who was my partner on Commercial
04:26:32 15 Energy Products, and my back was to the door.

04:26:34 16 Q. What happened next?

04:26:36 17 A. I'll never forget it. I heard the door slam
04:26:41 18 open, and the next thing I knew, there's two SWAT guys
04:26:47 19 with guns and badges and --

04:26:51 20 Q. Were there guns?

04:26:53 21 A. I think they were on their hips, but all I saw
04:26:57 22 were guns and badges and guys yelling at me to put my
04:27:00 23 hands up in the air and get out into the room.

04:27:04 24 Q. And you did that?

04:27:05 25 A. I did that.

04:27:05 1 Q. Were your other employees out there?

04:27:07 2 A. My other employees were lined up against the
04:27:10 3 wall.

04:27:10 4 Q. How long were you in the office that day?

04:27:12 5 A. I sat in my office in a catatonic state of shock
04:27:18 6 for about seven hours while my office was raped.

04:27:22 7 Q. They took all your money?

04:27:24 8 A. They took all my money, all my records. And when
04:27:27 9 I went and had to go to the bathroom, somebody followed
04:27:31 10 me in there to.

04:27:33 11 Q. They followed you in there?

04:27:36 12 A. Yeah.

04:27:39 13 Q. After they left, did you find out your home had
04:27:43 14 been searched too?

04:27:44 15 A. I think I got a phone call during the process
04:27:47 16 that my home was being raided. And my 82-year-old
04:27:53 17 mother-in-law who had Parkinson's was living with us,
04:27:56 18 she was there; a first-day cleaning lady; and one of my
04:28:02 19 wife's friends.

04:28:07 20 Q. They took records, computers, and money from your
04:28:09 21 house?

04:28:10 22 A. They took records and all of the dinar.

04:28:12 23 Q. About how many dinar did you have there?

04:28:14 24 A. I had about 2.5 billion dinar at -- that I was
04:28:22 25 holding in my home.

04:28:23 1 Q. Did you consider those your dinar?

04:28:25 2 A. That was my dinar of all the profits from the
04:28:28 3 business. I reinvested them into dinar.

04:28:34 4 Q. What happened to Rudy?

04:28:37 5 A. Nothing.

04:28:39 6 Q. Nothing happened to him in August?

04:28:41 7 A. Nothing.

04:28:42 8 Q. Anything happen to him in September?

04:28:44 9 A. Nothing.

04:28:44 10 Q. Anything happen to him until January of 2012?

04:28:47 11 A. To my -- the best of my knowledge.

04:28:50 12 Q. Did that confuse you?

04:28:52 13 A. Yeah.

04:28:53 14 Q. Why?

04:28:54 15 A. I go to the FBI to report that I think I'm being
04:28:58 16 conned. And the next thing I know, I'm stripped of
04:29:02 17 everything I own and treated like a criminal.

04:29:05 18 Q. What happened to the guy you went in to raise
04:29:09 19 questions about?

04:29:09 20 A. Nothing.

04:29:14 21 Q. Let's talk about the specific claims of the
04:29:16 22 government. They contend that you made false statements
04:29:19 23 about the applicability of Executive Order 13303.

04:29:24 24 A. Correct.

04:29:25 25 Q. Did you make those statements?

04:29:26 1 A. I did.

04:29:27 2 Q. Did you believe them to be true when you made
04:29:30 3 them?

04:29:30 4 A. Absolutely made them to be true.

04:29:33 5 Q. Had you seen other sites on the website
04:29:36 6 referencing Executive Order 13303?

04:29:38 7 A. Every site. And actually President Bush, along
04:29:42 8 with our other coalition force, Tony Blair, did an
04:29:46 9 equivalent of the 13303 so the people of Great Britain
04:29:50 10 could buy and be treated as an Iraqi -- have the rights
04:29:55 11 of an Iraqi citizen.

04:29:59 12 Q. Did you know they were suggesting that you're
04:30:04 13 saying that the DeLaRue machine was not authenticating
04:30:09 14 your money?

04:30:09 15 A. That?

04:30:10 16 Q. They contend you say the DeLaRue machine
04:30:14 17 authenticates your money.

04:30:15 18 A. That's what I was being told.

04:30:16 19 Q. Did you believe that to be true?

04:30:17 20 A. I did.

04:30:18 21 Q. Why did you believe that?

04:30:19 22 A. I never had a problem at all with any of the
04:30:22 23 money.

04:30:22 24 Q. And you got a certificate?

04:30:24 25 A. I got a certificate of authenticity with every

04:30:27 1 shipment.

04:30:27 2 Q. They claim you made false statements about the
04:30:30 3 availability of insurance for investments in Iraq.

04:30:34 4 A. That's correct.

04:30:35 5 Q. Did you see on the other sites saying about
04:30:37 6 insurance being available for investments?

04:30:39 7 A. Yes, I did. It wasn't the exact wording that
04:30:42 8 Rudy used, but the whole concept and principle of being
04:30:46 9 able to protect your investments and only have a ten
04:30:50 10 percent exposure was what he was talking about.

04:30:54 11 Q. They say you said that the U.S. Government holds
04:30:58 12 trillions in dinars. Did you see that on the internet?

04:31:01 13 A. Unequivocally, yes.

04:31:03 14 Q. Is that why you said it?

04:31:04 15 A. Yes.

04:31:08 16 Q. They say you said Rudy was a Marine. You said
04:31:13 17 that?

04:31:13 18 A. Yes.

04:31:13 19 Q. Why?

04:31:13 20 A. Because Rudolph Coenen told me he was a Marine.

04:31:17 21 Q. Do you remember sitting on the floor with him and
04:31:20 22 having him tell you the story about being shot?

04:31:23 23 A. I'll never forget it.

04:31:24 24 Q. And then he showed you the scars?

04:31:26 25 A. Yes.

04:31:26 1 Q. On his own body?

04:31:27 2 A. Yeah. We were at a hotel in Daytona Beach,
04:31:31 3 Florida for the last hedge fund meeting. A friend of
04:31:39 4 mine, who actually we were on the same high school team,
04:31:42 5 extremely successful businessman who had been to
04:31:45 6 Coenen's operations and talked to Rudy, pulled the wool
04:31:49 7 over his eyes as well. But he -- Rudy told Ted Morse
04:31:54 8 [phonetically] and I the story, the true story of how he
04:31:58 9 took a bullet to the point where he was in an armored
04:32:04 10 personnel carrier; he went up in the snow, and he was
04:32:07 11 looking out over the scenery, and all of a sudden he
04:32:10 12 gets hit in the shoulder, and the radio operator and
04:32:13 13 another guy behind him both were killed. And he had to
04:32:19 14 carry somebody or something. But he ended up getting a
04:32:22 15 transfusion, and on and on. But the clincher was that
04:32:27 16 he said: Every Christmas I go visit the widows of those
04:32:31 17 two men and give them money.

04:32:38 18 Q. Did you say that he was a former trader for JP
04:32:43 19 Morgan?

04:32:43 20 A. That's what he told me.

04:32:44 21 Q. Did you believe that to be true?

04:32:46 22 A. I didn't have any reason not to believe it to be
04:32:48 23 true.

04:32:48 24 Q. In every setting which you were with Rudy Coenen
04:32:52 25 and he talked about currency and finance, did he seem

04:32:54 1 believable to you?

04:32:55 2 A. Yes. Absolutely.

04:33:00 3 Q. They say you lied about having a New York office.

04:33:04 4 Did someone open an office with Davinci?

04:33:07 5 A. Absolutely.

04:33:08 6 Q. Had an office address?

04:33:09 7 A. Yes. It was a virtual office that many people
04:33:12 8 use in business. It's an economic way to have a very
04:33:20 9 good place that you're going to entertain clients
04:33:22 10 without having constant overhead of the business office.

04:33:30 11 Q. Now, the hedge fund, they say there were two
04:33:33 12 hedge funds that you talked about. Did you --

04:33:36 13 A. Pardon me?

04:33:37 14 Q. Did you talk about two hedge funds?

04:33:39 15 A. Yes.

04:33:40 16 Q. Did you believe what you were saying was true?

04:33:42 17 A. Absolutely.

04:33:43 18 Q. Now, Ms. Terhune came on and talked about forming
04:33:49 19 some limited liability company with the hedge fund?

04:33:51 20 A. Yes.

04:33:52 21 Q. That was work that was done?

04:33:54 22 A. Correct. Somebody had sent me paperwork to sign
04:33:57 23 on that; but I had no, really, idea of the inner
04:34:01 24 workings of forming a hedge fund.

04:34:05 25 Q. Now, were the members of the BH Group also

04:34:10 1 sending you research they did?

04:34:13 2 A. I mean, we were inundated with articles and
04:34:19 3 information that people thought they were being helpful
04:34:22 4 to us. But I had a tremendous team of young ladies that
04:34:27 5 were working non-stop probably nine, ten hours a day,
04:34:32 6 and there was only so much time to -- we had a live chat
04:34:39 7 system, actually, but we couldn't view every e-mail that
04:34:43 8 people sent us.

04:34:46 9 Q. Now, you registered as a Money Service Business
04:34:49 10 at some point?

04:34:50 11 A. Correct.

04:34:50 12 Q. How did you become aware that you had to register
04:34:53 13 as a money service business?

04:34:54 14 A. Well, for the first quite a few months, I wasn't
04:35:00 15 really -- I never really thought I had a business for
04:35:04 16 the first five or six months. I was just selling to
04:35:07 17 friends and family. And when it exploded, I talked to
04:35:12 18 Ali Agha, who was my supplier. I consider myself, like,
04:35:15 19 a sub rep for Dinar Trade. And I let everybody know I
04:35:20 20 was getting my dinar from Dinar Trade.

04:35:23 21 And I asked Ali, I said: Ali, you know, this
04:35:29 22 thing is getting bigger. Do I have to have some kind of
04:35:32 23 license to sell dinar?

04:35:34 24 He said: Yeah, all you have to do is register as
04:35:37 25 a money service business.

04:35:39 1 And, you know, and so I sent in some forms and
04:35:45 2 asked him some questions, and he told me what to do, and
04:35:50 3 I actually registered. And the company was right up in
04:35:53 4 Detroit, Michigan.

04:36:04 5 Q. Can you tell the jury whose handwriting is on
04:36:07 6 this document?

04:36:08 7 A. That's mine.

04:36:09 8 Q. And about when were you putting this handwriting
04:36:12 9 on that document?

04:36:15 10 A. I think it was probably in November or -- late
04:36:21 11 November, early December of 2010.

04:36:25 12 Q. That's the date from the internet.

04:36:32 13 A. Okay.

04:36:33 14 Q. Does that sound about right?

04:36:34 15 A. Okay.

04:36:35 16 Q. Now --

04:36:36 17 MR. BOSS: What was that date?

04:36:37 18 MR. KERGER: 12-27-10.

04:36:42 19 MR. BOSS: Thank you.

04:36:43 20 BY MR. KERGER:

04:36:44 21 Q. The second page, is that a memo you sent Ali?

04:36:49 22 A. Yes.

04:36:50 23 Q. You're asking his guidance to see if you're doing
04:36:52 24 things right?

04:36:53 25 A. Right.

04:36:53 1 Q. Did he come back and correct you?

04:36:55 2 A. Yes. He told me what to do.

04:36:57 3 Q. And you did?

04:36:58 4 A. I did.

04:37:00 5 Q. And as of January you thought you were registered
04:37:04 6 as a money service business?

04:37:05 7 A. Correct.

04:37:05 8 Q. Now, as a part of that did you and Ali discuss
04:37:08 9 what would happen at the time of the revaluation?

04:37:11 10 A. Yes.

04:37:13 11 Q. What was going to happen at the revaluation?

04:37:15 12 A. Well, Ali was by far the biggest dinar trader in
04:37:19 13 the world. And he was doing about \$4 million a day in
04:37:26 14 the United States. And he had decided he was going to
04:37:31 15 open about six locations around the United States where
04:37:36 16 people could go in and cash their dinars. And Ali and
04:37:41 17 Frank Villa from Toledo, who had the KTFM organization,
04:37:47 18 which, as I mentioned, was a large organization, Ali
04:37:53 19 told Frank that he would put a cashing center in Toledo,
04:37:59 20 Ohio.

04:37:59 21 Well, Ali asked me to go out and find a suitable
04:38:05 22 location for him because he knew I also had an
04:38:09 23 organization, tens of thousands of people in northwest
04:38:13 24 Ohio. So I went out to the -- where I thought would be
04:38:20 25 the best, most secured professional place to have a

04:38:26 1 cashing center, and I chose the Crown Plaza Hotel in
04:38:31 2 downtown Toledo. It's been -- originally was the
04:38:35 3 Sofitel, now it's a Best Western or something, but it's
04:38:38 4 the most beautiful hotel, I think, in Toledo. And I met
04:38:42 5 with managers there. I went through all of the possible
04:38:47 6 security issues, not that I'm qualified as far as
04:38:52 7 security, but just from a visual point of view; they had
04:38:58 8 valet parking where people could come up and take their
04:39:01 9 dinars and then have the car parked, and they could go
04:39:05 10 right in the hotel, and up on the next level there was
04:39:07 11 three big conference rooms where they could cash in
04:39:11 12 their dinars. And it seemed like a suitable location.
04:39:15 13 So I had arranged that for Ali, and he was very
04:39:19 14 appreciative of that.

04:39:20 15 Q. Did Ali tell you about any forms that would have
04:39:22 16 to be turned in by your members at the time of the
04:39:26 17 revaluation?

04:39:26 18 A. Yes. We discussed the procedures for what was
04:39:30 19 going to be necessary, you know, when the people came
04:39:35 20 and what they would need as far as identification, and
04:39:38 21 forms, and that type of thing.

04:39:42 22 MR. KERGER: Bring up Exhibit 62, please.

04:39:52 23 BY MR. KERGER:

04:39:52 24 Q. What is that?

04:39:53 25 A. This is a form, a currency transaction report.

04:39:57 1 And what I did was I put what Ali told me as far as what
04:40:05 2 the people would have to do to fill it out because
04:40:08 3 that's what he was going to require to cash in their
04:40:11 4 dinars.

04:40:12 5 Q. He's telling you this is what the members of the
04:40:15 6 BH Group would have to fill out themselves?

04:40:17 7 A. That is correct.

04:40:18 8 Q. To bring in at the time of the revaluation?

04:40:20 9 A. And that he would have these forms available to
04:40:23 10 them.

04:40:23 11 Q. You posted those on the web?

04:40:25 12 A. I posted those in concert with a written set of
04:40:29 13 instructions what the entire cashing procedure would be
04:40:34 14 so that the people would know exactly what to do.

04:40:39 15 Q. Did you understand this to be the form that the
04:40:42 16 banks filled out when you would make deposits over
04:40:45 17 \$10,000?

04:40:46 18 A. I did not.

04:40:49 19 Q. Can I have Exhibit 17, please.

04:41:09 20 Can you tell us what that is?

04:41:10 21 A. This is a form that I filled out for my daughter
04:41:14 22 who was living out of town, and I wanted to have that
04:41:18 23 ready for all my children, and I would cash it out for
04:41:22 24 them.

04:41:23 25 Q. Could you go down to the third page, please.

04:41:30 1 What's that?

04:41:32 2 A. That is a letter from my daughter that -- giving
04:41:40 3 me permission to cash in her Iraqi dinar and where to
04:41:47 4 send the money.

04:41:48 5 Q. We heard about an e-mail from your daughter back
04:41:52 6 when you were starting in the dinar business about the
04:41:55 7 potential of being a scam. Is that the same daughter?

04:41:58 8 A. It is my same daughter.

04:42:12 9 Q. You mentioned a procedure you developed for
04:42:14 10 cashing in dinars?

04:42:15 11 A. Yes.

04:42:16 12 Q. Is that --

04:42:16 13 A. This is it.

04:42:22 14 Q. You were prepared for the revaluation in December
04:42:26 15 of 2010?

04:42:31 16 A. Yes.

04:42:36 17 Q. Now, did there come a time when you were
04:42:39 18 concerned about compliance?

04:42:40 19 A. Yes, there was.

04:42:41 20 Q. Money service business regulations?

04:42:43 21 A. Yes, there was.

04:42:44 22 Q. About when was that?

04:42:45 23 A. When -- when Ali exited the business for a while,
04:42:52 24 he was my primary -- he was my supplier of dinar. And
04:42:58 25 so I had to look for another supplier of dinar. And a

04:43:03 1 friend of mine put me in touch with Ty Rhame, who is the
04:43:07 2 president of what was called Dinar Banker or Sterling
04:43:12 3 Currency.

04:43:12 4 Q. And you talked to him about compliance?

04:43:15 5 A. Well, I called Ty and asked if he would be my
04:43:22 6 supplier. He asked me what kind of volume I was doing.
04:43:27 7 And I asked him what kind of price would he give me for
04:43:31 8 that kind of volume. And surprising to me, he gave me a
04:43:36 9 ten percent better price than Ali was giving me.

04:43:40 10 Q. So you went with him?

04:43:41 11 A. I went with him.

04:43:43 12 Q. Did you discuss compliance with him?

04:43:46 13 A. As the -- as I got to know Ty, and I asked more
04:43:53 14 questions about Sterling Currency, and he started asking
04:43:57 15 me: Brad, are you doing this? Are you doing that?
04:44:01 16 And he said, you know, we just went through an audit,
04:44:08 17 and it's very important to have your compliance in
04:44:12 18 order.

04:44:12 19 Q. Did you talk with him to get some guidance about
04:44:16 20 where to go?

04:44:17 21 A. Yes, I did.

04:44:17 22 Q. Pull up Exhibit 65, please.

04:44:27 23 What are these?

04:44:28 24 A. These are some Post-it notes that I had right on
04:44:31 25 my cubicle in front of me on my -- at my desk.

04:44:41 1 Q. Could you bring up that one.

04:44:43 2 A. Yes.

04:44:44 3 Q. I'm asking Melissa to enlarge that one.

04:44:50 4 What's that relate to?

04:44:53 5 A. When we were talking about compliance, I really
04:44:58 6 was not aware that I had to fill out forms when people
04:45:02 7 brought money in to the BH Group, and I found out
04:45:07 8 that -- through Ty that if anybody brought in \$10,000
04:45:12 9 worth of cash, I had to fill out a CTR for them.

04:45:17 10 Q. And you have done that, it looks like an org,
04:45:22 11 acams.org?

04:45:23 12 A. I think it stands for anti-criminal something or
04:45:28 13 another.

04:45:28 14 Q. What was its purpose?

04:45:30 15 A. Its purpose was to send me to a site to get some
04:45:36 16 information about compliance.

04:45:38 17 Q. What's the note at the bottom here?

04:45:42 18 A. I was going to post an ad in either the local
04:45:49 19 paper or a national paper. I had talked to Jodi DuFour,
04:45:57 20 the manager of Bank of America, and I asked Jodi about
04:46:00 21 compliance. I said: What do the banks do?

04:46:03 22 She said: Well, we have compliance directors.

04:46:06 23 So I thought, well, maybe one of the best things
04:46:09 24 to do is to try to find a retired compliance guy that
04:46:12 25 would want to come in and do our compliance work for us.

04:46:15 1 Q. When you talked about CTR, did you understand
04:46:18 2 that that applied to the banks too?

04:46:20 3 A. I did not.

04:46:21 4 Q. You thought that was just for the money service
04:46:23 5 business?

04:46:24 6 A. Right.

04:46:27 7 Q. Can you go back to the original exhibit. Enlarge
04:46:30 8 this one.

04:46:34 9 What's that relate to?

04:46:35 10 A. This is information that I had when I helped Rudy
04:46:42 11 set up the virtual office with Davinci Corporation in
04:46:46 12 New York.

04:46:49 13 Q. Would you highlight the top right.

04:47:10 14 Can you tell us what that relates to?

04:47:12 15 A. I'm not sure. I think maybe Ty had told me or
04:47:16 16 somebody had told me to go to MSB.gov and get the
04:47:22 17 regulations and the pamphlets and the booklets on really
04:47:26 18 starting to get into the whole compliance issue of a
04:47:30 19 money service business.

04:47:36 20 Q. You can take that down.

04:47:38 21 Now, had you been aware that banks had to fill
04:47:48 22 out a form if you deposit \$10,000?

04:47:50 23 A. I knew there was a form that they had to fill
04:47:53 24 out.

04:47:54 25 Q. Do you know whose form it was?

04:47:56 1 A. I thought it was the bank's form.

04:47:58 2 Q. You went to Key?

04:47:59 3 A. I went to Key.

04:48:00 4 Q. Was that the first place you ran into it?

04:48:02 5 A. It is.

04:48:03 6 Q. Tell the jury what happened.

04:48:04 7 A. Well, it actually was one of my first deposits.

04:48:08 8 And you have to understand with my company, Hardy &
04:48:11 9 Dishner, they grew from \$2 million to approximately
04:48:14 10 \$100 million. I had full accounting departments and
04:48:18 11 monitors and accountants, but we never dealt in any real
04:48:23 12 cash. And I was not -- I've never been in business
04:48:28 13 where I've been involved with a cash business. So I
04:48:31 14 waltz into -- after selling some of my personal dinar to
04:48:35 15 my friends, I had to give them -- I was giving them
04:48:41 16 cash, so if they sent me -- gave me a check, and if it
04:48:44 17 bounced, I was out the cash. So I was getting cash; I
04:48:48 18 required cash for cash.

04:48:49 19 So the first time I went in to Key Bank, and I
04:48:54 20 didn't have a commercial account there; I had a personal
04:48:58 21 account. I'd been with Key or its predecessors for 40
04:49:02 22 years. And everybody knew me there.

04:49:05 23 They said -- I presented \$13,000 worth of cash.
04:49:08 24 And they said, Mr. Huebner, you know, we're going to
04:49:11 25 have to fill out a form here for you.

04:49:14 1 And I said: What's that all about?

04:49:15 2 They said: It's a bank form, and you've got to
04:49:20 3 let us fill it out. And she said: If you put in more
04:49:24 4 than \$10,000, you have to fill out this form. If you
04:49:27 5 put in less than \$10,000, you don't have to fill out a
04:49:31 6 form.

04:49:31 7 Q. Did she tell you there was anything wrong with
04:49:33 8 putting in less than \$10,000?

04:49:35 9 A. No, she did not.

04:49:38 10 Q. You went to the Bank of America?

04:49:42 11 A. The reason I went to the Bank of America is we
04:49:44 12 started getting customers all over the United States,
04:49:49 13 and I wanted to have a bank where -- because a lot of
04:49:56 14 these people were asking questions: Can we just do a
04:49:59 15 bank transfer account-to-account, or can we wire
04:50:01 16 transfer from our Bank of America or whatever bank. So
04:50:06 17 I didn't actually even know at the time there was two
04:50:09 18 Bank of Americas right over the line in Michigan.
04:50:14 19 Because I knew there weren't any Bank of Americas in
04:50:17 20 northwest Ohio. So I find out there was a Bank of
04:50:21 21 America up in Lambertville. I went up there. I opened
04:50:24 22 a personal account.

04:50:28 23 Q. And did you ask about this bank policy?

04:50:31 24 A. I did. I was wondering, since Key Bank was kind
04:50:36 25 of a regional bank, if the same rule applied up there at

04:50:41 1 a national bank. I said: Do you have the \$10,000 rule
04:50:45 2 for forms?

04:50:46 3 And they said: Yes.

04:50:49 4 Q. And did you make deposits, bring in bundles of
04:50:53 5 money, more than \$10,000, and deposit it?

04:50:56 6 A. I did. And I said that, you know, I wanted it --
04:51:01 7 have it less than \$10,000. And they gave the money back
04:51:04 8 to me.

04:51:04 9 Q. They would count it in the machine?

04:51:06 10 A. Right.

04:51:06 11 Q. Then just give the cash back to you?

04:51:08 12 A. Some would count it in the machine, and some
04:51:11 13 would hand count it.

04:51:12 14 Q. Brenda said she hand counted it?

04:51:15 15 A. Brenda was old school on that.

04:51:17 16 Q. Did that happen more than once?

04:51:18 17 A. Yes.

04:51:19 18 Q. Did anybody tell you that was a problem, giving
04:51:21 19 money back?

04:51:22 20 A. No, they didn't.

04:51:26 21 Q. You had a checking account at Key and one at
04:51:31 22 Huntington. Why did you open the one at Huntington?

04:51:33 23 A. I opened the one at Huntington because the one at
04:51:35 24 Key Bank is where I first started doing all my dinar
04:51:38 25 business. After about three months I get a phone call

04:51:41 1 from a gentleman at Key Bank saying: Mr. Huebner, why
04:51:44 2 all of a sudden do you have all this cash coming in to
04:51:48 3 your account?

04:51:49 4 I said: Well, I'm selling Iraqi dinar, and told
04:51:51 5 him the whole story.

04:51:53 6 And he said it sounded interesting. And I had no
04:51:57 7 idea what he was doing.

04:51:59 8 And about a month later I went in to make a
04:52:02 9 deposit, and the teller said: You're going to have to
04:52:05 10 see the assistant manager. So I went over, and she
04:52:08 11 said: Brad, they closed your account.

04:52:12 12 I said: What?

04:52:13 13 And they said: Do you want -- we can write you a
04:52:17 14 check now or send you the money. So I took the check,
04:52:21 15 and after a 40-year relationship was out the door.

04:52:26 16 Q. Did you go to Huntington?

04:52:28 17 A. I went right across the street to Huntington on
04:52:31 18 Executive Parkway near Costco on Central Avenue and
04:52:34 19 opened up an account and deposited that check into my
04:52:37 20 Huntington account because I needed a personal bank
04:52:40 21 account.

04:52:40 22 Q. What was the purpose of the Key and Huntington
04:52:43 23 Bank accounts? What kind of bills did you pay?

04:52:46 24 A. Personal bills, real estate, taxes, bank loans,
04:52:51 25 that type of thing.

04:52:52 1 Q. Now, before you went to the Bank of America in
04:52:54 2 Michigan, you already had a Bank of America out in
04:52:56 3 Tennessee?

04:52:57 4 A. Yeah. I had opened up the Energy Saver Advisors
04:53:02 5 account in Nashville when I was down there, and I really
04:53:12 6 had, quite honestly -- had not forgot about it, but I
04:53:19 7 wasn't focused on my money. I hadn't been using it;
04:53:24 8 let's put it that way.

04:53:25 9 Q. You opened two accounts at Bank of America in
04:53:28 10 Michigan?

04:53:28 11 A. I did.

04:53:29 12 Q. Why?

04:53:30 13 A. We got into a situation where people were putting
04:53:35 14 money into our accounts, and Kelly and Shelby were
04:53:43 15 getting calls from people, and let's say somebody
04:53:47 16 wanted --

04:53:47 17 Q. Brad, one second. Why were they putting money in
04:53:50 18 your accounts?

04:53:51 19 A. They wanted to buy dinar, and they wanted it sent
04:53:55 20 immediately.

04:53:56 21 And so what happened was when people put money in
04:54:00 22 your bank account, you don't get real verification for a
04:54:03 23 couple days on that, who it is. These people wanted
04:54:07 24 their dinar right away. So what they would do is they'd
04:54:11 25 put the money in their bank, and so that we could see

04:54:15 1 who it was, let's say we had four people buying a
04:54:18 2 million dinar, and it was \$1,100. We had --

04:54:22 3 Q. All paying the same amount; the wire transfer is
04:54:26 4 the exact same amount of money?

04:54:28 5 A. Right. Kelly would tell them, you use \$11,000
04:54:31 6 and one penny. The next one would be \$11,000.02. So we
04:54:35 7 would know who it actually was and we could send the
04:54:37 8 dinar out to that person immediately that day.

04:54:42 9 Q. Mike Teadt. When did you meet Mike?

04:54:46 10 A. I met Mike at Botanical Gardens probably -- I
04:54:51 11 think it was in 2010 in the spring.

04:54:55 12 Q. What did you meet, what was the occasion?

04:55:01 13 A. I was going out to visit our family museum there.
04:55:05 14 And there was -- I found out there was a trade show,
04:55:07 15 and --

04:55:09 16 Q. What kind of trade show?

04:55:10 17 A. Well, you know, I don't know if it was a trade
04:55:13 18 show or the Toledo artists.

04:55:15 19 Q. Some event?

04:55:17 20 A. Huh?

04:55:18 21 Q. Some event?

04:55:19 22 A. Some event at Toledo Botanical Gardens.

04:55:23 23 Q. Why did you stop to talk to Mike?

04:55:24 24 A. Mike had a booth rented for -- I remember it was
04:55:28 25 wood clad energy saving windows. And I had just done my

04:55:33 1 daughter's house, and they weren't wood clad, because
04:55:36 2 that would have been real expensive.

04:55:38 3 Q. Were you interested because you're trying -- you
04:55:43 4 were with Energy Saver Advisors at the time?

04:55:44 5 A. Yes.

04:55:45 6 Q. Did you two talk?

04:55:46 7 A. Yes, we did.

04:55:47 8 Q. Talk about --

04:55:49 9 A. We were talking about energy saving products. I
04:55:52 10 had quite a few different products. He was kind of
04:55:55 11 interested in what my line of energy saving was versus
04:55:58 12 what he was doing.

04:55:59 13 Q. Other than that, he's unemployed?

04:56:03 14 A. Yes.

04:56:04 15 Q. The window thing?

04:56:05 16 A. Correct.

04:56:05 17 Q. Did he talk to you about buying or renting one of
04:56:08 18 your cubicles?

04:56:10 19 A. Mike indicated that he wanted to have some type
04:56:13 20 of a legitimate office space where he could either bring
04:56:17 21 customers to or operate out of.

04:56:19 22 Q. And he began renting a cubicle?

04:56:21 23 A. Yes, he did.

04:56:22 24 Q. Did you talk to him about Energy Saver Advisors,
04:56:25 25 becoming a part of that?

04:56:27 1 A. I'm not sure if it was right then that we were
04:56:33 2 going in the transition to CEP or not. But it was all
04:56:38 3 energy related.

04:56:39 4 Q. Did you want him involved in CEP?

04:56:43 5 A. Definitely.

04:56:44 6 Q. Why?

04:56:44 7 A. Because he's a very sharp individual, and when I
04:56:48 8 realized what we had with the induction lighting and
04:56:51 9 what I saw with Cobo, the potential was unlimited. And
04:56:56 10 I wanted somebody that had business acumen that was
04:57:01 11 presentable, articulate. And, you know, I thought Mike
04:57:07 12 would be a great candidate.

04:57:11 13 Q. Now, would he occasionally deliver dinar for you?

04:57:15 14 A. Would Mike deliver dinar?

04:57:17 15 Q. Right. To somebody who came --

04:57:20 16 A. Oh, absolutely.

04:57:21 17 Q. And would he get paid for that?

04:57:23 18 A. No.

04:57:24 19 Q. Did you ever pay him for anything he did with
04:57:27 20 respect to dinar?

04:57:28 21 A. Absolutely not.

04:57:29 22 Q. How about the deposits of the money to PNC? How
04:57:33 23 did that come about?

04:57:35 24 A. Well, it actually came about as a security issue.
04:57:40 25 You know, we were downtown on St. Clair Street. There

04:57:43 1 had been some problems with homeless people living in
04:57:50 2 the stairwells there. And the dichotomy of our
04:57:54 3 customers was from A to Z. And our girls there started
04:58:02 4 feeling very uncomfortable with the amount of cash. And
04:58:06 5 Mike offered -- he said, would you like me to take some
04:58:08 6 cash? I'll walk over to PNC.

04:58:11 7 I said: That would be great. Just get it out of
04:58:13 8 here.

04:58:13 9 Q. Would he do that from time to time?

04:58:16 10 A. Yes, he would.

04:58:17 11 Q. Did he get paid to do that?

04:58:19 12 A. No, he would not.

04:58:20 13 Q. Did there come a time when you went back to Wood
04:58:24 14 County and Ms. Dewitt?

04:58:28 15 A. There apparently must have been. I was so
04:58:33 16 inundated, it's hard for me to remember that. But I do
04:58:39 17 remember striking up conversations with her again.

04:58:44 18 Q. Somehow you got involved with Wood County again,
04:58:47 19 this time for two jobs an for Commercial Energy
04:58:50 20 Products?

04:58:50 21 A. That is correct.

04:58:51 22 Q. Did you talk to Ms. Dewitt about the training?

04:58:54 23 A. Yes, I definitely remember that because I'm sure
04:59:02 24 I had to write another business plan, but I had already
04:59:04 25 written a very comprehensive business plan for Energy

04:59:08 1 Saver Advisors that I had submitted back in 2009. And
04:59:12 2 Commercial Energy Products really wasn't that much
04:59:15 3 different except that we were going to focus on
04:59:17 4 induction lighting. And she was very laissez-faire
04:59:24 5 about it. Well, just fill out this or fill out that.

04:59:27 6 And I said: Well, Mary, as far as this training
04:59:31 7 goes, when I've got two people and limited resources,
04:59:36 8 the only kind of real training we can do is on-the-job
04:59:41 9 training, and that's where you learn everything as you
04:59:43 10 go.

04:59:43 11 Q. And what did she say?

04:59:45 12 A. She said: Of course.

04:59:49 13 Q. Now, the hours you put in there, did you discuss
04:59:52 14 those with her?

04:59:52 15 A. Yes, I did.

04:59:53 16 Q. Before you put them in?

04:59:54 17 A. Yes.

04:59:55 18 Q. What did she say about the hours?

04:59:56 19 A. I said: We work ten to 12 hours a day here at
05:00:00 20 the BH Group or -- and I said: I'm just basically going
05:00:05 21 to fill in the hours for every day because that's the
05:00:08 22 on-the-job training. We will do certain specific
05:00:13 23 training about products or whatever, but the only way
05:00:17 24 these people are going to learn the business is get in
05:00:19 25 and get their feet dirty and learn the business by doing

05:00:23 1 it all day long and see what problems come up during the
05:00:27 2 day.

05:00:28 3 Q. Did she say that was okay?

05:00:30 4 A. Yes.

05:00:30 5 Q. Is that the form you turned in?

05:00:32 6 A. That's the form I turned in.

05:00:35 7 Q. Now, did there come a time when she sent you an
05:00:38 8 e-mail about changing that plan?

05:00:40 9 A. Yes.

05:00:41 10 Q. 253, please. Can you enlarge at the top.

05:00:55 11 It's from Mary Dewitt to you?

05:00:58 12 A. Yes.

05:00:59 13 Q. December 10, 2010?

05:01:01 14 A. Correct.

05:01:03 15 Q. And she's talking about Mr. Teadt's original
05:01:06 16 training plan?

05:01:06 17 A. Correct.

05:01:07 18 Q. And she wants to go back and change it, right?

05:01:12 19 A. Correct.

05:01:18 20 Q. Now, here she wants to do the same thing with
05:01:30 21 Bland's training plan, change it?

05:01:32 22 A. Right.

05:01:33 23 Q. And the training is pretty much over at this
05:01:35 24 point?

05:01:35 25 A. Exactly.

05:01:38 1 Q. Did you think that was odd?

05:01:39 2 A. Yes. But from -- the whole thing was kind of
05:01:45 3 bizarre, and I remember I even invited her, and she
05:01:51 4 brought her boss down to see our facilities and all of
05:01:54 5 that type of thing. But Mary was always just kind of
05:01:58 6 out there.

05:02:00 7 Q. Did it seem to you that the records were not all
05:02:03 8 that important?

05:02:04 9 A. Absolutely.

05:02:06 10 Q. You can take that down.

05:02:09 11 The Treasury Vault. After the raid, did you
05:02:12 12 become involved with the Treasury Vault?

05:02:17 13 A. On the 27th of July, my world changed forever.
05:02:24 14 And I got a phone call the next day from a friend of
05:02:32 15 mine who was called Dinar Daddy. He was one of the
05:02:36 16 larger dinar sites in the United States. And he said:
05:02:41 17 Brad, I want to help you. And he said: You've got a
05:02:46 18 very fine organization. What are you going to do?

05:02:52 19 I said: Roger, I'm still in a state of shock.

05:02:55 20 He said: Let me send my vice-president out.
05:02:57 21 I'll send my attorney out. And we've got some ideas.

05:03:01 22 Q. Did you enter into an arrangement with him or did
05:03:06 23 he have access to the arrangements to supply their
05:03:08 24 dinar?

05:03:08 25 A. They came out two days the later. We sat down,

05:03:11 1 and one of the main things that I was really cognizant
05:03:18 2 of, I wanted to make sure that all my people had a
05:03:22 3 supply of dinar going forward. And they put together a
05:03:26 4 plan where they would give our members a special price
05:03:31 5 even above their members, and I liked that, that our
05:03:37 6 group was going to be compensated special. And there
05:03:42 7 was a commission for me because they said, look, you put
05:03:47 8 a great organization together; and, quote, honestly your
05:03:52 9 organization is bigger than ours. And so we came to an
05:03:56 10 agreement and basically didn't miss a heartbeat, and our
05:04:00 11 people started calling the Treasury Vault that next
05:04:05 12 week.

05:04:05 13 Q. Every month you would get a check?

05:04:08 14 A. Yes.

05:04:09 15 Q. Every month there would be a letter with the
05:04:11 16 check?

05:04:11 17 A. Yes. Their attorney --

05:04:13 18 Q. Do you recall who the letter was addressed to?

05:04:15 19 A. Yes. It was addressed to Joe Wilson, the
05:04:19 20 prosecuting attorney for two and a half years that
05:04:22 21 retired about a week before this case was going to go --

05:04:26 22 Q. Disclosing what commission you earned?

05:04:29 23 A. Yes. And the attorney from Treasury Vault had
05:04:33 24 spoke to Mr. Wilson about --

05:04:36 25 Q. Just -- that's fine.

05:04:41 1 If somebody came and wanted to buy dinar, would
05:04:43 2 you always sell it to them?

05:04:45 3 A. I can remember a couple instances specifically.

05:04:52 4 Q. In which you didn't?

05:04:54 5 A. In which I didn't.

05:04:55 6 Q. Can you tell us what those were?

05:04:56 7 A. I'd like to preface that by saying if I felt
05:05:00 8 somebody was coming in that was buying more than they
05:05:07 9 should, I could pretty much tell. And I would try and
05:05:10 10 tell them not to buy as much, just feel your way along
05:05:15 11 in this thing. But the two instances I remember
05:05:18 12 specifically, one was a lady that came in over the lunch
05:05:23 13 hour. Her husband had told her to go to the bank, go to
05:05:28 14 their savings account, get a certain amount of money
05:05:31 15 out, and go buy dinar. I'm not sure if she came
05:05:36 16 directly to me or Kelly wanted me to talk to her because
05:05:40 17 Kelly was very observant. And so I ended up talking to
05:05:44 18 her. And I said: Look, you obviously don't have any
05:05:48 19 idea what the dinar is about. I said: Why don't you
05:05:53 20 just go home, get on our website, check other websites,
05:06:01 21 talk to your husband about this, and if you're
05:06:04 22 comfortable, you come back in the morning, and you can
05:06:08 23 buy dinar.

05:06:10 24 Q. Do you remember another instance?

05:06:12 25 A. Very well.

05:06:13 1 Q. Tell us about that.

05:06:15 2 A. I was talking to, I think, a gentleman that
05:06:20 3 worked on the railroad. And he wanted to buy 500,000
05:06:24 4 dinar, which is about a \$650 purchase. And I was up on
05:06:31 5 the raised platform. And there was a guy in a suit
05:06:34 6 standing right there, and he started pulling on my arm.

05:06:39 7 And I just looked at him and I said: Can I help
05:06:44 8 you?

05:06:45 9 He goes: I'm an attorney, and I want to buy
05:06:49 10 \$50,000 worth of dinar, and I want to buy it now.

05:06:54 11 And I looked at him, and I said: Excuse me. I
05:06:57 12 said: I'm helping this person right here. You can wait
05:07:00 13 your time.

05:07:01 14 He said: I don't think you heard me. I'm an
05:07:03 15 attorney, and I want to buy \$50,000 right now.

05:07:08 16 And my old combative athletic came out of me and
05:07:17 17 I -- that was as close as I ever got to manhandling
05:07:21 18 somebody. I said: Sir, you can get out of my office.
05:07:25 19 I don't want your business. And please exit right now.

05:07:34 20 Q. Now, Rudy Coenen came here and said you used a
05:07:38 21 credit card for --

05:07:39 22 A. Said what?

05:07:40 23 Q. Said you used the credit card for Bayshore by
05:07:43 24 using the numbers.

05:07:44 25 A. I think he gave it to me one time for the New

05:07:48 1 York office.

05:07:50 2 Q. For the New York office, for the lease from
05:07:55 3 Davinci?

05:07:56 4 A. I believe so. But he had told me he was going to
05:07:59 5 send me a credit card for any expenses I had for
05:08:01 6 entertaining relative to securing the members for the --

05:08:08 7 Q. And he never did?

05:08:09 8 A. Never did.

05:08:13 9 Q. You didn't have a payroll system at Commercial
05:08:17 10 Energy Products or the BH Group, right?

05:08:19 11 A. Did not.

05:08:19 12 Q. Why not?

05:08:20 13 A. I had one employee, which was Kelly Bland, and I
05:08:24 14 was paying her with a check out of ESA. And I basically
05:08:29 15 told her -- Kelly, when she first interviewed to me,
05:08:34 16 indicated that she had an accounting and a marketing
05:08:37 17 degree. And I said: That is absolutely perfect. I'm
05:08:40 18 terrible with accounting, and I can do the marketing,
05:08:44 19 and you can help me do the marketing. And so when we
05:08:50 20 got overwhelmed, we finally decided that we needed to
05:08:54 21 hire another person. We didn't know if it was going to
05:08:58 22 be temporary or a full-time person. So I said: Kelly,
05:09:02 23 I'm sure you know competent people. You hire somebody.
05:09:08 24 So she hired Shelby Dement. And I didn't know if it was
05:09:13 25 going to be for six weeks or, you know.

05:09:19 1 Q. You had a feeling the RV might occur pretty
05:09:24 2 rapidly?

05:09:24 3 A. I had a feeling -- that's why I was getting in
05:09:26 4 these other businesses at the time, too. I really
05:09:30 5 didn't expect the dinar to last as long as it did.

05:09:35 6 Q. And you took Mike Teadt to the Bank of America?

05:09:38 7 A. That's correct.

05:09:39 8 Q. Why?

05:09:39 9 A. I was going to be out of town, and I wanted to
05:09:43 10 make sure that daily deposit got made. And so I took
05:09:47 11 Mike out over the lunch hour one time and showed him
05:09:53 12 where the Bank of America was at Temperance. I wanted
05:09:57 13 the people to know that he would be coming in on my
05:09:59 14 behalf and making a deposit, using my account.

05:10:06 15 Q. Now, did you know when you went to the Bank of
05:10:09 16 America and pulled money back, a report got filed with
05:10:12 17 the government anyway?

05:10:12 18 A. I had no idea.

05:10:15 19 Q. Did you ever see the form they were filling out?

05:10:18 20 A. No.

05:10:19 21 Q. When Brenda did the one, she didn't show it to
05:10:22 22 you?

05:10:22 23 A. No. I never saw the form.

05:10:25 24 Q. Now, the Bank of America branch in Lambertville
05:10:31 25 and Temperance, are they open on Saturday?

05:10:34 1 A. Of course.

05:10:34 2 Q. Would you occasionally make deposits on Saturday?

05:10:37 3 A. Absolutely. I would go in to my office first
05:10:42 4 thing in the morning. I would go over to the Post
05:10:46 5 Office on Summit Street, I believe, and pick up my mail,
05:10:51 6 come back to the office, open it all up, make copies,
05:10:56 7 and then I would take the checks and drive to the Bank
05:11:00 8 of America and deposit that.

05:11:01 9 Q. And cash?

05:11:02 10 A. Yes, and cash.

05:11:04 11 Q. On Saturday?

05:11:05 12 A. On Saturday.

05:11:06 13 Q. Do you know when the bank would record that
05:11:09 14 deposit as having been made?

05:11:11 15 A. On Monday.

05:11:14 16 Q. Would you bring up Count 14, please, which I
05:11:18 17 think is Exhibit 232. Go to page 3.

05:11:34 18 Do you know if May 17 is a Monday?

05:11:37 19 A. Pardon me?

05:11:37 20 Q. Do you know if May 17 is a Monday?

05:11:40 21 A. I do not.

05:11:47 22 Q. According to my smart phone, May 17 is a Monday.
05:11:53 23 Now, we show two deposits there: One 10:31, one 10:56,
05:12:02 24 right? One T, and one says Bank of America in
05:12:05 25 Lambertville, right?

05:12:06 1 A. Yes.

05:12:10 2 Q. Could you go to Exhibit 308, page 1. That's the
05:12:19 3 cash, \$4,995. That's the same as the amount shown on
05:12:23 4 the previous one?

05:12:24 5 A. Yes, sir.

05:12:24 6 Q. What's the date of that deposit?

05:12:26 7 A. 5/15.

05:12:30 8 Q. And that's a Saturday?

05:12:32 9 A. Correct.

05:12:34 10 Q. Could you go to Exhibit 232, page 4, please.

05:12:46 11 That shows an \$8,000 deposit, \$8,190.

05:13:04 12 I'm not the only one who's not seeing a check,
05:13:08 13 right?

05:13:16 14 May 24 -- well, if May 17 was a Monday, then May
05:13:22 15 24 is a Monday, right?

05:13:23 16 A. Correct.

05:13:24 17 Q. You deposited \$8,190?

05:13:28 18 A. Correct.

05:13:29 19 Q. Could go to Exhibit 309, page 5. And the date of
05:13:38 20 that deposit of \$8,190 is what?

05:13:44 21 A. That would be Saturday.

05:13:51 22 Q. Can you go to 232, page 5.

05:14:01 23 It's \$9,900 on June 14, which is a Monday.

05:14:07 24 Could you go to 310, page 1.

05:14:15 25 \$6,400 on the 12th?

05:14:19 1 A. That would be a Saturday.

05:14:28 2 Q. Can you go to 232, page 7.

05:14:36 3 That's the 26th of July. And that's a Monday.

05:14:45 4 It's \$7,500.

05:14:47 5 Could we go to 312, page 1. That's a deposit on
05:14:53 6 7/24. That's a Saturday?

05:14:55 7 A. Correct.

05:14:55 8 Q. And that's Bank of America?

05:14:57 9 A. That is correct.

05:14:59 10 Q. Can we go to page 232, page 8. And that's August
05:15:07 11 2, which is a Monday. We've got three deposits there.

05:15:13 12 Can we go to 313, page 1. And that's the same
05:15:20 13 deposit. And that's a Saturday?

05:15:22 14 A. That's a Saturday also.

05:15:41 15 Q. Do you still think the revaluation is going to
05:15:46 16 occur?

05:15:46 17 A. Unequivocally.

05:15:48 18 Q. Is there anything going on in Iraq that tends to
05:15:50 19 make you believe it?

05:15:51 20 A. Absolutely. I studies this -- you heard Mr.
05:15:54 21 Hamstreet yesterday, two hours a day, five days a week.
05:15:57 22 I'm at least that much. And knowledge is king. And
05:16:06 23 when you have knowledge, it's power. And I am more
05:16:10 24 excited than ever. And the bottom line is how can one
05:16:15 25 of the wealthiest countries of the world have a currency

05:16:19 1 worth zero when their neighbor has a dinar in Kuwait
05:16:23 2 worth 3.54 today?

05:16:32 3 MR. KERGER: One moment, Your Honor.

05:16:34 4 (Discussion had off the record.)

05:17:02 5 MR. KERGER: Could Your Honor take judicial
05:17:04 6 notice that those days were Saturdays and Mondays?

05:17:07 7 THE COURT: Well, I haven't checked it, but
05:17:12 8 if counsel want to agree, that's fine.

05:17:14 9 MR. CRAWFORD: That's fine.

05:17:16 10 MR. KERGER: That's all I have. Thank you,
05:17:18 11 Mr. Huebner.

05:17:18 12 - - -

05:17:21 13 MR. NIGHTINGALE: Nothing here, Your Honor.

05:17:22 14 MR. BOSS: No questions, thank you.

05:17:24 15 THE COURT: Let's take a five-minute
05:17:25 16 standing break, please.

05:18:38 17 (Short break taken.)

05:20:03 18 (Whereupon the following discussion was had
05:20:04 19 at the bench outside the hearing of the jury:)

05:20:04 20 MR. CRAWFORD: Mr. Huebner has now made
05:20:07 21 multiple inconsistent statements with his proffer. This
05:20:35 22 whole concept of knowledge about the CTR requirements is
05:20:38 23 totally inconsistent with his proffer. His statement
05:20:41 24 that he put the hedge fund money in a trust fund is
05:20:45 25 inconsistent with his proffer. And I'm sure there's

05:20:48 1 quite a bit more.

05:20:49 2 MR. KERGER: I think he has to show where
05:20:55 3 the specific inconsistencies are.

05:20:58 4 MR. CRAWFORD: Well, I guess I can ask him a
05:21:01 5 question that contradicts the proffer. We'll have to
05:21:05 6 have another sidebar. That's going to happen quite a
05:21:08 7 bit.

05:21:08 8 THE COURT: Can't we do this in a more
05:21:10 9 efficient manner? If that means take a break to take at
05:21:14 10 look at your notes and list them or something. Or
05:21:17 11 again, I'm trying to find out a way to do this without
05:21:21 12 delay.

05:21:28 13 MR. CRAWFORD: When it becomes a problem, I
05:21:30 14 will have to ask him: You talked to Agent Kost and told
05:21:32 15 him something different. Before I say that, stop and
05:21:36 16 see how that goes.

05:21:38 17 THE COURT: Okay.

05:21:39 18 MR. CRAWFORD: So I'll ask a question. If
05:21:40 19 it's inconsistent with the proffer, I'll say: Let's
05:21:44 20 have a talk.

05:21:44 21 THE COURT: Okay. Thank you.

05:21:59 22 (End of sidebar discussion.)

05:22:06 23 - - -

05:22:06 24 BRADFORD HUEBNER, CROSS-EXAMINATION

05:22:07 25 BY MR. CRAWFORD:

05:22:07 1 Q. Mr. Huebner, you spoke very proudly about your
05:23:10 2 military service; is that right?

05:23:11 3 A. That is correct.

05:23:13 4 Q. Mr. Shepherd and I, we used to be Army officers,
05:23:18 5 and we remember getting efficiency reports. You got
05:23:20 6 efficiency reports, right?

05:23:22 7 A. Correct.

05:23:23 8 Q. And they were terrible, weren't they?

05:23:25 9 A. I don't know. I don't think I ever saw them.

05:23:29 10 Q. Well, Major Conrad wrote in 1971, "He has no
05:23:34 11 motivation and his major concern is not for the benefit
05:23:37 12 of the unit but rather for personal gain." That's what
05:23:40 13 he wrote about you, right?

05:23:41 14 A. That is correct, if that's what you're saying.

05:23:43 15 Q. He wrote that, and you have no clue about that?

05:23:46 16 A. I don't remember that, sir. It was 50 years ago
05:23:49 17 or whatever.

05:23:50 18 Q. You handled classified material?

05:23:51 19 A. Correct.

05:23:52 20 Q. It's called ARFCOS material?

05:23:54 21 A. ARFCOS.

05:23:56 22 Q. How about this: Lieutenant Huebner finds it
05:23:58 23 extremely hard to accept any type of constructive
05:24:02 24 criticism on his work. He was responsible in two known
05:24:05 25 instances on making careless mistakes on handling ARFCOS

05:24:10 1 classified material which could have resulted in a
05:24:11 2 compromise had the errors not been detected by any other
05:24:15 3 person.

05:24:16 4 He told you about that, didn't he?

05:24:18 5 A. I don't recall that, sir.

05:24:19 6 Q. You don't recall it?

05:24:20 7 A. Not really.

05:24:22 8 Q. How about this: As one of his additional duties,
05:24:25 9 he has served as the alternate Class A agent for this
05:24:29 10 organization. During the payment of January 71 pay, he
05:24:32 11 was extremely careless in the handling of pay vouchers
05:24:36 12 which had already been signed resulting in these
05:24:38 13 vouchers being found and turned in to me for safe
05:24:41 14 keeping. When confronted with this action, he
05:24:43 15 attempted to shift the blame to another officer to whom
05:24:46 16 he had entrusted the vouchers, knowing that he alone was
05:24:49 17 totally responsible for the funds. Such handling of
05:24:52 18 funds could have well resulted in a loss of funds
05:24:55 19 charged out to him.

05:24:56 20 You remember that incident, don't you?

05:24:57 21 A. No, sir, I don't.

05:24:59 22 Q. You're telling me you never saw this report after
05:25:01 23 all these negative things that are written about you?

05:25:04 24 A. I think is, what, 50 years ago?

05:25:07 25 Q. Well, you talk very fondly about -- I mean, you

05:25:09 1 didn't tell the jury about these reports, right? You
05:25:12 2 just told them about the good stuff in your military
05:25:14 3 service, true?

05:25:15 4 A. I didn't tell them much about my military service
05:25:17 5 except that I served in this elite outfit.

05:25:20 6 Q. The good stuff, not the bad stuff, right?

05:25:22 7 A. I said where I served in the elite organization.

05:25:27 8 Q. How about Lieutenant Bartlett. Remember him?
05:25:31 9 He said of you: He has increasingly performed near
05:25:34 10 below the minimum level necessary to complete the
05:25:36 11 mission. This has caused hardship on other couriers and
05:25:40 12 enlisted men who thus have had to take on extra work and
05:25:44 13 responsibility. I feel Lieutenant Huebner could be an
05:25:50 14 outstanding officer if he applies himself and if he
05:25:53 15 overcomes his attitude of expecting the Army, his unit,
05:25:56 16 and his coworkers to do everything for him while he
05:25:58 17 gives little in return. Do you recall that?

05:26:00 18 A. I do not.

05:26:03 19 Q. Okay. The BH Group, there's no Board of
05:26:06 20 Directors for the BH Group; is that true?

05:26:08 21 A. No, there's not.

05:26:10 22 Q. Okay. So this part about you being the Chairman
05:26:15 23 of the Board is just a lie that you and Charlie made up
05:26:18 24 to seem -- make the BH Group seem more than what it
05:26:22 25 really was, right?

05:26:22 1 A. I think Charlie was just embellishing on the fact
05:26:25 2 that I was the head of the BH Group.

05:26:27 3 Q. Well, this is your trial. Explain to the jury
05:26:31 4 how you could be the Chairman of a non-existent Board?
05:26:37 5 I mean, you can't get through ten seconds of these phone
05:26:40 6 calls without lying to people; isn't that true?

05:26:42 7 A. I didn't say I was the Chairman of the BH Group.

05:26:46 8 Q. You were introduced as the Chairman of the Board
05:26:48 9 of the BH Group on every call, true?

05:26:51 10 A. Could have been, by Mr. Emmenecker.

05:26:53 11 Q. You never once corrected him, did you?

05:26:57 12 A. I guess not.

05:26:59 13 Q. He was lying, and you didn't correct him; true?

05:27:03 14 A. About being the Chairman of the BH Group?

05:27:06 15 Q. Right.

05:27:07 16 A. I was President of the BH Group.

05:27:09 17 Q. You were introduced as the Chairman of the Board
05:27:12 18 of the BH Group, true?

05:27:13 19 A. There is only one Board member, so I guess I was
05:27:15 20 the Chairman of the Board.

05:27:16 21 Q. There's no Board of Directors for the BH Group.
05:27:19 22 You just said that yourself?

05:27:20 23 A. Then I'm the Chairman of the Board.

05:27:22 24 Q. And you think it's accurate to tell people that
05:27:24 25 you're the Chairman of the Board, and you're the only

05:27:26 1 member of the Board? That's a fair statement to start
05:27:29 2 off these phone calls?

05:27:35 3 You have no answer, Mr. Huebner?

05:27:36 4 A. I said I'm the only member of the BH Group that
05:27:40 5 was the officer.

05:27:40 6 Q. Did you ever tell anybody on these calls: I'm
05:27:43 7 the Chairman of the Board, but, by the way, I'm the only
05:27:47 8 member of the Board? You never told them that, did
05:27:49 9 you?

05:27:50 10 Okay. You told the FBI agents that you met Rudy
05:27:54 11 Coenen in February of 2011. That's what you told Agent
05:27:57 12 Pearson and Agent Kost, true?

05:28:00 13 A. I'm not sure exactly when I -- if that's when I
05:28:03 14 told them, then I must have met him in -- was it
05:28:07 15 February, you said?

05:28:08 16 Q. Yeah, February of '11.

05:28:10 17 A. Is that on the phone or physically?

05:28:12 18 Q. When you went in on July 27, 2011, and you sat
05:28:16 19 down with them, you told them that you met Rudy Coenen
05:28:19 20 in February of 2011, true?

05:28:21 21 A. I asked you the question: Did I meet him on the
05:28:24 22 phone or physically?

05:28:25 23 Q. And I said: On July 27, 2011, you met with Agent
05:28:29 24 Pearson and Agent Kost, and you told them you met Rudy
05:28:33 25 Coenen in February, 2011; true?

05:28:35 1 A. I'm asking you to clarify how I met him.

05:28:37 2 Q. You don't recall how you met the FBI and Agent
05:28:41 3 Kost on July 27?

05:28:42 4 A. Of course I do.

05:28:43 5 Q. Okay. You met them in person, right?

05:28:45 6 A. That is correct.

05:28:46 7 Q. And you told them in person that you met Rudy
05:28:48 8 Coenen -- oh, I understand. So your point is you first
05:28:56 9 met him in person in February, 2011?

05:29:01 10 A. I don't know what date you're referring to
05:29:03 11 because you talking about a phone call introduction or
05:29:06 12 physically meeting him?

05:29:06 13 Q. What did you mean when you told them you met him
05:29:10 14 for the first time in February, 2011?

05:29:12 15 A. It could have been on the phone or in person. I
05:29:14 16 don't remember.

05:29:15 17 Q. But you didn't tell them that you'd known him for
05:29:17 18 months, did you?

05:29:19 19 A. I don't know -- remember the exact date that I
05:29:22 20 did meet Rudy Coenen.

05:29:24 21 Q. It was long before February, 2011, wasn't it?

05:29:28 22 A. I don't remember.

05:29:30 23 Q. This is Government's Exhibit 44. This is an
05:29:41 24 e-mail that you wrote from October 5, 2010, that talks
05:29:47 25 about Rudy Coenen, spelled "Conine," on your conference

05:29:50 1 call, isn't it?

05:29:53 2 A. Okay.

05:29:54 3 Q. You knew Rudy long before February, 2011; didn't
05:29:59 4 you?

05:30:00 5 MR. KERGER: I object to the form of the
05:30:02 6 question. The question was when he met him, I believe.

05:30:05 7 THE COURT: Overruled. He may answer.

05:30:09 8 A. Apparently I met him on the phone in October of
05:30:12 9 2010.

05:30:15 10 Q. Here's Government's Exhibit 42. You sure it
05:30:18 11 wasn't earlier than that?

05:30:19 12 A. I do not know the exact date that I met Rudy
05:30:23 13 Coenen.

05:30:26 14 Q. This is September 29 of 2010. You've got his
05:30:29 15 personal e-mail here on Government's Exhibit 42,
05:30:32 16 correct?

05:30:34 17 A. Yes, I do.

05:30:36 18 Q. So you at least knew him as early as September
05:30:39 19 29, 2010; isn't that true?

05:30:41 20 A. That's what this shows.

05:30:42 21 Q. But you didn't tell Agent Kost and Agent Pearson
05:30:45 22 that you'd known him that long, did you?

05:30:47 23 A. I don't know if they asked me that question.

05:30:51 24 Q. Well, you talked to Agent Torgler, right, Marty
05:30:58 25 Torgler?

05:30:58 1 A. Yes.

05:30:58 2 Q. And he told you to go talk to the FBI and be
05:31:01 3 completely forthcoming, true?

05:31:03 4 A. He told me to go to the FBI and tell them what
05:31:05 5 the situation was.

05:31:06 6 Q. Did he tell you to be completely truthful and
05:31:09 7 forthcoming?

05:31:10 8 A. Of course.

05:31:10 9 Q. Why wouldn't you tell them how long you knew Rudy
05:31:14 10 Coenen?

05:31:16 11 The reason you didn't tell them how long you knew
05:31:18 12 Rudy Coenen was because you were trying to mislead them
05:31:22 13 to get out from this fraud; isn't that true?

05:31:23 14 A. That is absolutely not true.

05:31:25 15 Q. Well, why didn't you tell them the truth about
05:31:27 16 how long you'd known him?

05:31:29 17 A. About exact dates of what phone call?

05:31:32 18 Q. Mr. Huebner, you told them February of 2011,
05:31:37 19 true?

05:31:38 20 A. I don't know if that's what I said. If that's on
05:31:41 21 the record, then that's what I said.

05:31:42 22 Q. And that's untrue? You knew him a lot longer
05:31:45 23 than February, 2011, if that's on the record?

05:31:48 24 A. Where does it say that I met him.

05:31:50 25 Q. In the interview notes of both Agent Kost and

05:31:52 1 both Agent Pearson it says you told them that you met
05:31:56 2 Rudy Coenen February, 2011.

05:31:59 3 A. Well, then I was mistaken by a few months.

05:32:02 4 Q. By more than a few, wasn't it? At least six.

05:32:14 5 There was a search warrant of your office; that's
05:32:15 6 true, right?

05:32:16 7 A. Yes, sir.

05:32:17 8 Q. Before then you were having numerous conference
05:32:19 9 calls, correct?

05:32:21 10 A. Correct.

05:32:21 11 Q. On those conference calls you would tell people
05:32:24 12 that you aimed for total transparency?

05:32:27 13 A. Correct.

05:32:27 14 Q. You had a moral responsibility to educate people.
05:32:30 15 Is that true?

05:32:30 16 A. That's what we were trying to do.

05:32:33 17 Q. It said you personally knew these investors. You
05:32:36 18 had a loyal following. Is that true?

05:32:39 19 A. I think our members enjoyed what they heard on
05:32:42 20 our conference calls, and we tried to do the best to
05:32:44 21 educate them.

05:32:52 22 Q. This is Government's Exhibit 7. Okay. The
05:33:01 23 picture on your right is Government's Exhibit 6, page 5.
05:33:04 24 That's your office, right?

05:33:05 25 THE COURT: Six or seven?

05:33:07 1 MR. CRAWFORD: Well, it's Government's
05:33:08 2 Exhibit 6, page 5 is what's on the right.

05:33:13 3 THE COURT: This says 7.

05:33:16 4 MR. CRAWFORD: Well, the left is Exhibit 7.
05:33:18 5 These are two different exhibits.

05:33:19 6 THE COURT: I see it.

05:33:21 7 BY MR. CRAWFORD:

05:33:21 8 Q. The picture on the right is your office, right,
05:33:23 9 Mr. Huebner?

05:33:24 10 A. No, it's my cubicle.

05:33:25 11 Q. It's your cubicle.

05:33:28 12 And it's cubicle 13 on the sketch on the left,
05:33:31 13 right?

05:33:32 14 A. Correct.

05:33:36 15 Q. Now, during the search several items were taken
05:33:40 16 out of your office, true, or your cubicle? Correct?

05:33:46 17 A. Absolutely.

05:33:47 18 Q. And that search occurred on July 27, 2011, true?

05:33:51 19 A. Correct.

05:33:53 20 Q. This is Exhibit 211. You've seen that before,
05:33:58 21 correct?

05:34:05 22 A. This is the report that I got from the private
05:34:14 23 investigator that Prakash had hired, and I had to buy a
05:34:21 24 copy of it.

05:34:22 25 Q. It doesn't say anything in there about JP Morgan

05:34:25 1 and Rudy Coenen, does it?

05:34:27 2 A. I don't know, sir.

05:34:28 3 Q. Well, you testified on direct that the report
05:34:29 4 doesn't say anything about JP Morgan; is that right?

05:34:32 5 A. I can't remember exactly what's all in the
05:34:34 6 report. I'm sorry.

05:34:36 7 Q. Please read it. Take your time to read it. See
05:34:39 8 if there's any mention in there of JP Morgan. It was in
05:34:42 9 your desk.

05:37:00 10 A. There's a reference to JP Morgan Chase as a
05:37:03 11 lienholder here.

05:37:05 12 Q. As a lienholder?

05:37:07 13 A. I'm just telling you. You asked me if it
05:37:10 14 mentioned JP Morgan. I'm telling you.

05:37:12 15 Q. Okay. This was a report on Rudy Coenen, correct?

05:37:26 16 A. Can I please finish this?

05:37:28 17 Q. Sure.

05:38:39 18 A. There's another mention of JP Morgan Chase Bank
05:38:45 19 relative to a title holder on page 12 of 26 relative to
05:38:49 20 one of his vehicles.

05:38:51 21 Q. Okay.

05:38:56 22 A. There's an another reference to JP Morgan Chase
05:38:59 23 Bank out of Arlington, Texas as a lienholder on another
05:39:03 24 vehicle.

05:39:09 25 Q. I'll make it easier, Mr. Huebner. Why don't you

05:39:12 1 stop when you come to a reference to Rudy Morgan [sic]
05:39:15 2 as a former employee of JP Morgan.

05:40:39 3 A. I don't see reference to JP Morgan as far as an
05:40:44 4 employer.

05:40:45 5 Q. I've just marked what's Government's Exhibit 358.
05:40:48 6 You've seen that letter before, Mr. Huebner? It's also
05:40:52 7 Government's Exhibit 1 on the computer.

05:40:55 8 A. I saw it for the first time here in the
05:40:58 9 courtroom.

05:40:58 10 Q. Well, it was found in your office, right?

05:41:00 11 A. I know it was. Was the original copy found in my
05:41:04 12 office?

05:41:04 13 Q. That photocopy was found in your office.

05:41:06 14 A. No, it was testified here that the original copy
05:41:09 15 was found in my office, sir.

05:41:11 16 Q. You signed a stipulation that said this was found
05:41:13 17 in your office, correct?

05:41:15 18 A. It was on record that the original copy was found
05:41:17 19 in my office.

05:41:20 20 Q. It's a non-responsive answer, Mr. Huebner.

05:41:23 21 This piece of paper was found in your office,
05:41:26 22 true?

05:41:26 23 A. I'm not aware of that piece of paper.

05:41:28 24 Q. You signed a stipulation that this was found in
05:41:32 25 your office, true?

05:41:33 1 A. I don't remember that.

05:41:39 2 (Discussion had off the record.)

05:41:43 3 Q. Showing Mr. Huebner a copy of Government's
05:41:47 4 Exhibit 358, which is the piece of paper that is the
05:41:50 5 electronic copy of 351, here's Stipulation Number 6 that
05:42:09 6 says Government's Exhibit 1 was found on or in desk 4 at
05:42:13 7 the BH Group Offices located at 17 North St. Clair
05:42:17 8 Street, Toledo, Ohio. Is that your signature on there,
05:42:20 9 Mr. Huebner?

05:42:21 10 A. What I'm saying, Mr. Crawford is --

05:42:24 11 Q. Could you please answer the question, Mr.
05:42:25 12 Huebner?

05:42:26 13 A. This is my signature. What I'm saying is I don't
05:42:29 14 remember seeing this document, and it was presented in
05:42:33 15 the Court that it was the original copy.

05:42:35 16 Q. My question to you, Mr. Huebner, is that that was
05:42:37 17 found in your office on July 27, true?

05:42:40 18 A. It may have been. I wasn't aware of that.

05:42:42 19 Q. You signed a stipulation that it was found in
05:42:45 20 your office on July 27, 2011, true?

05:42:48 21 A. Could be. How many pieces of paper were there?

05:42:52 22 Q. Your signature is on the stipulation? That's all
05:42:54 23 I'm asking.

05:42:55 24 A. Is that a stipulation to a certain document?

05:42:58 25 Q. To Government's Exhibit 1, that you see on your

05:43:00 1 computer screen, being found in your offices. True?

05:43:03 2 A. Was that the original copy?

05:43:06 3 Q. I'm asking the questions, Mr. Huebner. You
05:43:08 4 signed the stipulation to Exhibit 1, which is displayed
05:43:10 5 on your computer screen. Was Exhibit 1 found in your
05:43:14 6 offices?

05:43:14 7 THE COURT: Can you please answer the
05:43:15 8 question either yes or no or whatever.

05:43:18 9 A. I don't remember that particular letter.

05:43:20 10 Q. Government's Exhibit 219. This was also found in
05:43:24 11 your offices, true?

05:43:28 12 A. Was this the original copy that was found?

05:43:31 13 Q. Please answer the question, Mr. Huebner.

05:43:36 14 A. I'm just trying to ask the question. Was this
05:43:38 15 the piece that was in my office? Because this is the
05:43:41 16 original copy, and it's addressed to Rudy Coenen in
05:43:44 17 Jacksonville, Florida with no carbon copy to me. And I
05:43:53 18 don't know how that --

05:43:54 19 Q. Look back at the stipulation, Mr. Huebner. Is
05:43:57 20 Government's Exhibit 219 listed on there?

05:44:00 21 A. I'm just asking how the original copy would have
05:44:03 22 got to me.

05:44:03 23 THE COURT: The question, Mr. Huebner, is:
05:44:05 24 Look back at the stipulation. Is Government's Exhibit
05:44:08 25 219 listed on there?

05:44:14 1 THE WITNESS: Your Honor, it's listed with
05:44:16 2 about ten or 12 other documents.

05:44:16 3 BY MR. CRAWFORD:

05:44:18 4 Q. Is Government's Exhibit 32 listed on there?

05:44:20 5 A. Yes.

05:44:21 6 Q. And you signed that stipulation?

05:44:27 7 THE COURT: Is that your signature on the
05:44:30 8 stipulation?

05:44:30 9 THE WITNESS: On the stipulation it is, Your
05:44:32 10 Honor.

05:44:32 11 THE COURT: Thank you.

05:44:36 12 THE WITNESS: I'm just trying to figure out
05:44:38 13 how the original copy --

05:44:40 14 THE COURT: That's okay.

05:44:43 15 BY MR. CRAWFORD:

05:44:44 16 Q. Government's Exhibit 359, that was found in your
05:44:47 17 desk on July 27; isn't that true?

05:44:50 18 A. Okay.

05:45:06 19 Q. Government's Exhibit 357, the paper copy you have
05:45:10 20 there is electronically Government's Exhibit 10. Now,
05:45:13 21 what is Government's Exhibit 10 that's on your computer
05:45:17 22 screen there with the paper copy being 359?

05:45:28 23 A. This is my involvement with Rudy Coenen in
05:45:32 24 chronological order.

05:45:33 25 Q. Okay. And this was taken out of your desk on

05:45:36 1 July 27, 2011, true?

05:45:38 2 A. Okay. If that's -- this is not an original copy,
05:45:45 3 so I bet it would be.

05:45:46 4 Q. You wrote this?

05:45:47 5 A. I wrote this.

05:45:48 6 Q. No later than July 27, 2011, true?

05:45:54 7 A. Where does it say the date was --

05:45:56 8 Q. Well, it was in your desk on July 27.

05:45:59 9 A. You're saying it was found July 27?

05:46:01 10 Q. So it had to have been written by then, true?

05:46:04 11 A. Correct.

05:46:05 12 Q. Your testimony on direct exam was that Hannah
05:46:07 13 Terhune called you and told you to put the hedge fund in
05:46:10 14 a trust fund, right?

05:46:11 15 A. On the 14th.

05:46:12 16 Q. Okay. That is not true at all, is it?

05:46:15 17 A. It absolutely is true.

05:46:17 18 Q. She told you to give the money back to investors,
05:46:21 19 true?

05:46:21 20 A. That is not true.

05:46:23 21 Q. In this document you wrote she told you to give
05:46:26 22 the money back to investors.

05:46:29 23 A. She called me on the 14th and told me that we
05:46:34 24 should put the money back to the investors. And I
05:46:37 25 called Rudy Coenen immediately and told him that.

05:46:45 1 Q. Turn to page 3, Mr. Huebner, paragraph 15 that
05:46:48 2 you wrote.

05:46:52 3 It says, your words, "About ten days after we met
05:46:55 4 with Hannah, I got a very alarming call from her where
05:46:59 5 she said," quote, "'You need to get the money back to
05:47:02 6 all investors.'"

05:47:03 7 That's not what you testified on direct
05:47:06 8 examination, is it?

05:47:08 9 A. About ten days after we met with Hannah I got a
05:47:11 10 very alarming call from her where she said you need to
05:47:14 11 get the money back to all the investors. That's exactly
05:47:17 12 what I just told --

05:47:18 13 Q. No, you told them it was okay to put it in a
05:47:22 14 trust fund.

05:47:22 15 A. That's what she told me.

05:47:24 16 Q. You wrote here she told you to give all the money
05:47:26 17 back.

05:47:27 18 A. She basically --

05:47:28 19 Q. These are your words, Mr. Huebner, aren't they?

05:47:30 20 A. Well, trust fund or back to the individuals.

05:47:33 21 Q. Huge difference, Mr. Huebner, isn't it?

05:47:35 22 A. I don't know. I don't think so.

05:47:37 23 Q. No?

05:47:38 24 A. I think the money is being protected if it's in
05:47:41 25 an escrow account.

05:47:42 1 Q. You think there's no difference between putting
05:47:44 2 money in a trust fund versus actually giving the checks
05:47:47 3 back to people?

05:47:48 4 A. In an escrow account.

05:47:50 5 Q. You were told to give the money back?

05:47:52 6 A. And I immediately called Rudy Coenen.

05:47:54 7 Q. And blamed it on him, right?

05:47:56 8 A. Not blamed it on him. He had all the money.

05:47:58 9 Q. You had \$65,000, didn't you?

05:48:01 10 A. I offered Rudy Coenen to send that \$65,000 back
05:48:04 11 to him.

05:48:04 12 Q. Why didn't you send it back?

05:48:06 13 A. He told me he didn't need it, that he would cover
05:48:09 14 it.

05:48:10 15 Q. And you trusted him?

05:48:11 16 A. I did, Mr. Crawford.

05:48:14 17 Q. Why?

05:48:16 18 A. When somebody tells me they're a vet, and they
05:48:19 19 took a bullet for the United States, I'm going to
05:48:22 20 believe them, Mr. Crawford.

05:48:23 21 Q. Mr. Huebner, you're a veteran of the U.S. Army,
05:48:26 22 aren't you?

05:48:27 23 A. That is correct.

05:48:28 24 Q. And you were in Vietnam. Your report said you
05:48:30 25 served under combat conditions. And you want these

05:48:34 1 people to believe this story about a .50 caliber bullet
05:48:37 2 hitting him in the shoulder? He would have
05:48:39 3 disintegrated, wouldn't he?

05:48:41 4 A. I don't know.

05:48:42 5 Q. You didn't believe that story for one second?

05:48:44 6 A. I absolutely -- I absolutely --

05:48:45 7 Q. It's totally absurd, Mr. Huebner.

05:48:47 8 A. Pardon me?

05:48:48 9 Q. It's a totally absurd story, and someone with
05:48:51 10 your military background should know to question it.
05:48:55 11 Isn't that true?

05:48:55 12 A. That is not true. Absolutely, unequivocally not
05:48:59 13 true.

05:48:59 14 Q. The documents you have in front of you were found
05:49:01 15 in your office on July 27, 2011. Isn't that true?

05:49:05 16 A. Correct.

05:49:08 17 Q. And we've established that you've written in your
05:49:10 18 own words no later than July 27 that you were told to
05:49:13 19 give the money back, true?

05:49:15 20 A. True.

05:49:21 21 Paragraph 16: Rudy then told me that he handled
05:49:23 22 the problem and that he had sent a check for \$750,000 to
05:49:26 23 our attorneys to be put in the trust account.

05:49:29 24 Q. But you weren't told to open a trust account; you
05:49:33 25 were told to give the money back?

05:49:34 1 A. Whether giving the money back or putting it in an
05:49:37 2 escrow account to me meant the same thing, that the
05:49:40 3 investor would be protected.

05:49:44 4 Q. You never once told on any conference call: Hey,
05:49:47 5 we were told to give the money back. We were told to
05:49:50 6 put it in an escrow account. You never said that on any
05:49:53 7 conference call, did you?

05:49:54 8 A. I didn't think it was my place.

05:49:57 9 Q. You were the exclusive marketing agent of the
05:49:59 10 hedge funds, went you?

05:50:00 11 A. Rudy was in charge of the hedge fund, and people
05:50:03 12 sent the money to Rudy.

05:50:04 13 Q. You called yourself a 50/50 partner with Rudy in
05:50:08 14 that secret conversation, didn't you?

05:50:10 15 A. I was a partner with Rudy.

05:50:15 16 Q. You wrote an e-mail to Hannah Terhune the day
05:50:18 17 after you met with her on July 5, right?

05:50:25 18 A. Refresh my memory, please.

05:50:36 19 Q. Does the e-mail header look familiar?

05:50:39 20 A. Correct.

05:50:45 21 Q. It says: Hannah, I trust you and Jim will do
05:50:47 22 your best to protect us if we unknowingly did something
05:50:50 23 wrong in the premarketing of these inception investor
05:50:54 24 seats.

05:50:56 25 Clearly in that e-mail you are acknowledging that

05:50:59 1 on July 5 Hannah Terhune and Jim Brennan told you you
05:51:03 2 had done something wrong with these hedge funds, true?

05:51:06 3 A. Clearly that shows that Ms. Terhune lied on the
05:51:10 4 stand yesterday when she said that hypothetically,
05:51:13 5 because I came out and said first thing that we had
05:51:17 6 taken money for the investor hedge seats, and was there
05:51:21 7 anything she could do? And that's when she had the
05:51:23 8 discussion with Mr. Brennan talking about putting the --
05:51:29 9 them in a trust account with an L.L.C., and she would
05:51:32 10 get back to me to see what could be done.

05:51:38 11 MR. CRAWFORD: Tracy, could you please read
05:51:38 12 back the question and ask Mr. Huebner to answer it.

05:51:38 13 (Whereupon the previous question was read
05:52:05 14 back by the court reporter.)

05:52:05 15 Q. True or not true?

05:52:06 16 A. Not true.

05:52:07 17 Q. Why on earth would you write this if they didn't
05:52:10 18 tell you you'd done something wrong?

05:52:12 19 A. Because I had asked her the question.

05:52:15 20 Q. It says: I trust you and Jim will do your best
05:52:18 21 to protect us if we unknowingly did something wrong --

05:52:20 22 A. If we unknowingly.

05:52:21 23 Q. Please let me finish my question.

05:52:23 24 It says: I trust you and Jim will do your best
05:52:26 25 to protect us if we unknowingly did something wrong.

05:52:28 1 Why on earth would you write that if you did not
05:52:31 2 have a discussion with her about something being wrong
05:52:33 3 with the hedge funds?

05:52:33 4 A. I did have a discussion with her. That's the
05:52:37 5 first question I asked her.

05:52:39 6 Q. And she told you there was a problem?

05:52:42 7 A. She said that they would do their best to try and
05:52:45 8 see if there was a problem, to fix it.

05:52:49 9 Q. You knew there was a problem?

05:52:50 10 A. I did not know.

05:52:52 11 Q. Why would she tell you that you may need to fix
05:52:56 12 the problem if there wasn't a problem, Mr. Huebner?

05:52:58 13 A. She didn't say it at the time. She said she
05:53:00 14 would get back to me, Mr. Crawford, and let me know what
05:53:04 15 the situation was. And I heard from her then on the
05:53:07 16 14th of July.

05:53:08 17 Q. You didn't know if you'd done something wrong?

05:53:10 18 A. I did not.

05:53:12 19 Q. But you knew there was a question about whether
05:53:15 20 or not these hedge funds were done properly?

05:53:18 21 A. I was talking about taking money upfront, not the
05:53:22 22 hedge fund.

05:53:22 23 MR. CRAWFORD: Could you please read the
05:53:23 24 question back to Mr. Huebner. I'll ask for an answer.

05:53:33 25 (Whereupon the previous question was read

05:53:33 1 back by the court reporter.)

05:53:40 2 A. I didn't know if there was a problem with how the
05:53:43 3 hedge funds were being done.

05:53:45 4 Q. You asked her if you had to give the money back.
05:53:47 5 You must have known there was some kind of question
05:53:50 6 about whether or not that was proper, true?

05:53:51 7 A. Mr. Crawford.

05:53:52 8 Q. Please answer the question, Mr. Huebner.

05:53:53 9 A. I will. Mr. Crawford, I asked her if there was
05:53:56 10 any --

05:53:56 11 THE COURT: Can you answer the question yes
05:53:58 12 or no?

05:53:59 13 A. No.

05:54:00 14 THE COURT: Or otherwise?

05:54:01 15 THE WITNESS: Otherwise. Could I state my
05:54:04 16 answer?

05:54:04 17 BY MR. CRAWFORD:

05:54:12 18 Q. Government's Exhibit 156-1. In any event, Mr.
05:54:18 19 Huebner, this July 6 e-mail was written obviously before
05:54:21 20 July 27; is that correct?

05:54:23 21 A. That is correct.

05:54:29 22 Q. Take a look at this e-mail for a second. Does
05:54:32 23 this appear to be an e-mail that you sent to Mr.
05:54:35 24 Coenen --

05:54:39 25 A. Okay.

05:54:40 1 Q. -- on May 22, 2011?

05:54:44 2 A. Correct.

05:54:46 3 Q. And here at the bottom you write: And I would
05:54:50 4 like to go to New York to meet with her and our new fund
05:54:54 5 administrator very soon. From now on we don't tell any
05:54:57 6 of our clients that information until everything is set
05:55:00 7 in stone; otherwise, they will destroy us.

05:55:03 8 You wrote that because you knew Rudy had already
05:55:06 9 been dropped by Apex, true?

05:55:09 10 A. Yes.

05:55:15 11 Q. So May 22 you knew that Rudy Coenen had been
05:55:18 12 dropped by Apex?

05:55:19 13 A. And I did not want a situation like that to
05:55:23 14 happen again.

05:55:39 15 Q. Then you had your July 27 meeting with the FBI,
05:55:43 16 correct?

05:55:44 17 A. That is correct.

05:55:45 18 Q. You talked to them about Rudy Coenen and your
05:55:51 19 concerns, true?

05:55:53 20 A. That is true.

05:55:54 21 Q. You thought you were worried about where the
05:55:56 22 money was going with Mr. Coenen, true?

05:56:00 23 A. A variety of issues.

05:56:02 24 Q. One of them being you were worried about the
05:56:04 25 money and Mr. Coenen?

05:56:05 1 A. That is correct.

05:56:06 2 Q. Then you got on an August 15 phone conference
05:56:11 3 with Rudy Coenen and Charlie Emmenecker, about three
05:56:14 4 weeks later, true?

05:56:14 5 A. Correct.

05:56:15 6 Q. And you didn't say one word to anybody about
05:56:17 7 going to the FBI because Rudy Coenen was a fraud, did
05:56:20 8 you?

05:56:20 9 A. Mr. Crawford --

05:56:21 10 Q. Please answer the question, Mr. Huebner.

05:56:22 11 A. I'm going to answer.

05:56:24 12 Q. I said: True?

05:56:25 13 A. Mr. Crawford, I'm going to answer you.

05:56:27 14 Q. Were you on an August 15 phone call?

05:56:30 15 THE COURT: Please answer the question.

05:56:31 16 A. That part of the question is true.

05:56:36 17 MR. CRAWFORD: Your Honor, we're going to go
05:56:37 18 through the August 15 phone call and play some of the
05:56:40 19 clips. I'd like to pass out a transcript to the jury.

05:56:43 20 THE COURT: Why don't we take our
05:56:44 21 midafternoon break at this point. We'll have the
05:56:47 22 transcripts on your chairs when you return. Please
05:56:50 23 remember the rules. We're in recess for 15 minutes.

06:12:42 24 (Recess taken.)

06:13:08 25 THE COURT: Counsel may continue with cross.

06:13:10 1 BY MR. CRAWFORD:

06:13:11 2 Q. Mr. Huebner, I'm handing you a transcript of a
06:13:14 3 conference call from August 15, 2011. Do you remember
06:13:20 4 doing a conference call on August 15, 2011?

06:13:23 5 A. I believe we heard a clip yesterday.

06:13:25 6 Q. This was after you went to the FBI, true?

06:13:27 7 A. Correct.

06:13:33 8 Q. And this is after those items that we talked
06:13:36 9 about in front of you were found in your office, true?

06:13:39 10 A. Yes.

06:13:44 11 Q. We'll listen to about the first 40 seconds of
06:13:47 12 this conference.

06:14:01 13 (Exhibit is played in open court.)

06:14:34 14 Q. Okay, Mr. Huebner. So there's no question that
06:14:37 15 you, Charlie, and Rudy are on a phone call after you
06:14:40 16 went to the FBI about Rudy, true?

06:14:42 17 A. It appears to be that. I -- I'm not being -- I
06:14:47 18 would like to explain something.

06:14:48 19 Q. Please.

06:14:49 20 A. I was shocked that Rudy was on that call. And
06:14:52 21 you can kind of hear it in the hesitation in my voice,
06:14:56 22 if you'd like to play that back.

06:14:59 23 Q. Well, you're hesitant because you know Rudy's a
06:15:02 24 fraud, and you're not telling anyone about it, right?

06:15:06 25 A. I'm hesitant because I didn't know he was going

06:15:08 1 to be on that call.

06:15:09 2 Q. Why didn't you drop off the call, Mr. Huebner?

06:15:11 3 A. Charlie already introduced me.

06:15:13 4 Q. Why didn't you drop off the call, Mr. Huebner?

06:15:16 5 A. Because Charlie introduced me, and I wanted to
06:15:19 6 stay on the call then.

06:15:19 7 Q. But you never told anybody: Hey, folks, here's
06:15:22 8 Rudy Coenen. I just went to the FBI about him because I
06:15:24 9 think he's a fraudster?

06:15:25 10 A. The reason I didn't --

06:15:27 11 Q. Answer my question, please.

06:15:29 12 A. No, I didn't.

06:15:34 13 Q. Let's go to 641 of the call. That's page 8 of
06:15:50 14 the transcript, line 14.

06:16:00 15 You just went through the Accurate report. It
06:16:05 16 doesn't say a word about Rudy Coenen working at JP
06:16:09 17 Morgan, and yet you're referring all the dinar intel to
06:16:12 18 Rudy. True?

06:16:14 19 A. It doesn't say that he wasn't with JP Morgan
06:16:17 20 either.

06:16:17 21 Q. Well, there's a section in there about employers,
06:16:20 22 isn't there?

06:16:20 23 A. Yeah, but --

06:16:21 24 Q. It doesn't say anything about JP Morgan in the
06:16:23 25 section --

06:16:24 1 MR. KERGER: Objection, Your Honor. He
06:16:26 2 states what the document says.

06:16:28 3 THE COURT: Well, I trust that counsel and
06:16:30 4 the witness have both had an opportunity to review the
06:16:33 5 document, and I'll allow the question to continue.
06:16:36 6 Let's go back though and rephrase, please.

06:16:39 7 BY MR. CRAWFORD:

06:16:39 8 Q. There's a section in the Accurate report,
06:16:42 9 Government's Exhibit 212, that talks about previous
06:16:44 10 employers, true?

06:16:45 11 A. It does.

06:16:46 12 Q. It doesn't say anything about JP Morgan, does it?

06:16:48 13 A. I don't know how inclusive it is.

06:16:50 14 Q. It doesn't say anything about JP Morgan, does it?

06:16:53 15 A. Not, in that report. But at the front of that
06:16:55 16 report it doesn't say that this information is totally
06:16:58 17 accurate.

06:16:58 18 Q. Did you tell anybody on the conference call:
06:17:01 19 I've got an Accurate report. I'm looking into it, but I
06:17:04 20 have to tell you, there's nothing in there about Rudy
06:17:06 21 working at JP Morgan? You never said that, did you?

06:17:10 22 A. The reason I didn't say anything is because I
06:17:12 23 went to the FBI, and they took everything out of my
06:17:16 24 office and home and did nothing to Rudy, and I wondered
06:17:19 25 what the heck was going on.

06:17:20 1 Q. How do you know they did nothing to Rudy?

06:17:23 2 A. I know they did nothing.

06:17:25 3 Q. How do you know what the FBI was doing the about
06:17:27 4 Rudy?

06:17:28 5 A. Nothing was being done about Rudy physically at
06:17:30 6 that time and for many months.

06:17:32 7 Q. Was Rudy under investigation?

06:17:34 8 A. I don't know, but it didn't come out to anybody
06:17:39 9 anywhere else.

06:17:39 10 Q. Are you entitled to know what the IRS is
06:17:41 11 investigating?

06:17:42 12 A. I'm saying, I didn't know how I felt when I went
06:17:45 13 to report Rudy, and I was the one that got slammed, and
06:17:48 14 Rudy -- nothing happened to him. So I was totally
06:17:51 15 confused of what was going on.

06:17:52 16 Q. You never made the simple factual statement that
06:17:55 17 you went to the FBI because you were concerned about
06:17:58 18 Rudy Coenen? You never told anyone that on this phone
06:18:01 19 call, did you?

06:18:02 20 A. No, because I was confused, and maybe Rudy was
06:18:05 21 doing something right. He was trying to get the hedge
06:18:08 22 funds going with Hannah Terhune and contracts.

06:18:11 23 Q. Hannah Terhune told you to give the money back by
06:18:14 24 this time, true?

06:18:15 25 A. And I told Rudy to do that.

06:18:17 1 Q. So you just trusted Rudy? You didn't check up on
06:18:21 2 him?

06:18:21 3 A. Rudy, Mr. Crawford, had the money. I didn't have
06:18:23 4 the money.

06:18:24 5 Q. Why didn't you tell the people on the phone
06:18:26 6 call --

06:18:27 7 A. Because --

06:18:28 8 Q. -- who bought millions of dinar from you: Folks,
06:18:31 9 I've got to tell you, I'm concerned about Rudy. Why
06:18:34 10 didn't you tell them that?

06:18:35 11 A. Because Rudy told me that he put the money in a
06:18:38 12 trust account.

06:18:39 13 Q. Why on earth would you trust Rudy at this point
06:18:42 14 after your offices have been searched, after you knew he
06:18:45 15 had been dropped from Apex, and after you'd been told to
06:18:49 16 give the hedge fund money back? Why on earth would you
06:18:53 17 trust Rudy at this point?

06:18:54 18 A. Because nothing had happened to Rudy, and what
06:18:56 19 Rudy told me regarding Apex was that we were dropped
06:18:59 20 because all of a sudden all of these members started
06:19:03 21 calling, and that made sense to me.

06:19:05 22 Q. That's not what that letter says, is it?

06:19:06 23 A. I didn't see that letter.

06:19:08 24 Q. Pick up that Apex letter.

06:19:10 25 It was in your office, wasn't it?

06:19:12 1 A. It was in my office, but I don't remember seeing
06:19:15 2 this. That's why I questioned when I heard it on
06:19:17 3 testimony there was an original that was found in my
06:19:20 4 office that would have been addressed to Rudolph Coenen,
06:19:22 5 and I wouldn't have been able to see it.

06:19:24 6 Q. The truth is you didn't tell anybody about this
06:19:26 7 in the August 15 phone call because, more than anybody
06:19:28 8 else, you're responsible for this fraud, and you
06:19:30 9 couldn't figure a way out of it. Isn't that true?

06:19:33 10 A. That is not true.

06:19:34 11 Q. When you went to the FBI, you were surprised to
06:19:36 12 see Agent Kost there, right?

06:19:38 13 A. I didn't know who he was from Adam.

06:19:41 14 Q. Well, you and your attorney asked why the IRS was
06:19:43 15 there, didn't you?

06:19:45 16 A. I don't believe -- I don't know if I did or not.

06:19:49 17 Q. You had no idea Agent Kost had been listening to
06:19:52 18 your phone calls for months?

06:19:53 19 A. I had no idea I was being tapped by the IRS for
06:19:56 20 months. Totally unknown to me.

06:20:03 21 Q. Because you thought you could just get away with
06:20:06 22 whatever you wanted to say on these BH Group phone
06:20:09 23 calls, and they would never see the light of day, true?

06:20:12 24 A. Not at all.

06:20:12 25 Q. Then why are you concerned about an undercover

06:20:15 1 agent or someone recording your calls or someone calling
06:20:18 2 the IRS and saying: Hey, you should listen to these
06:20:20 3 calls?

06:20:20 4 A. Why am I concerned as a U.S. citizen about the
06:20:23 5 U.S. Government tapping your phones?

06:20:25 6 Q. Your phones were not tapped, Mr. Huebner. You
06:20:27 7 know that?

06:20:27 8 A. Then how was he listening?

06:20:29 9 Q. Because you put the phone calls on the internet
06:20:31 10 for anybody to listen to, true?

06:20:33 11 A. Whatever. The government was listening to my
06:20:37 12 calls.

06:20:37 13 Q. You put them on the internet, Mr. Huebner.

06:20:40 14 A. The people that wanted to listen to my calls were
06:20:43 15 trying to get information about the dinar, not to accuse
06:20:46 16 me of a criminal activity.

06:20:47 17 Q. You put them on the internet, true?

06:20:50 18 A. They were put on the internet. And I was not
06:20:52 19 trying to hide anything, Mr. Crawford.

06:20:54 20 Q. Then what's the problem with the IRS listening to
06:20:56 21 your phone calls --

06:20:57 22 A. Okay.

06:20:58 23 Q. -- if you're not trying to hide anything?

06:20:59 24 A. I am not trying to hide anything.

06:21:01 25 Q. Then you should have nothing to worry about with

06:21:04 1 Agent Kost listening to the phone calls, but you did not
06:21:06 2 know he was listening?

06:21:07 3 A. I did not know he was listening.

06:21:08 4 Q. So you thought this was an opportunity to mislead
06:21:11 5 him and Agent Pearson about what was really going on an
06:21:14 6 to throw Rudy under the bus; true?

06:21:17 7 A. Absolute not. Why would I have shown up at the
06:21:20 8 Federal Bureau of Investigation.

06:21:22 9 Q. You didn't tell them the whole truth.

06:21:24 10 A. What do you mean, the whole truth?

06:21:24 11 Q. You didn't tell them accurately when you met
06:21:26 12 Rudy. You didn't tell them about the phone calls.

06:21:29 13 A. I didn't know the exact date that I met Rudy, and
06:21:32 14 I don't think that is really the substantive part of why
06:21:35 15 I made a visit over there.

06:21:37 16 Q. Marty Torgler told you to tell everything, true?
06:21:43 17 That was his advice to you?

06:21:44 18 A. If I misspoke about a date, then I'm sorry about
06:21:47 19 the date. But the substance of why I went there was
06:21:50 20 explained to the agents.

06:21:53 21 Q. Okay. If we go on in the transcript for the
06:21:54 22 August 15 phone call, go on to page 30, line 13. The
06:22:05 23 intervening pages Rudy is talking about all this dinar,
06:22:08 24 whatnot. There you are on page 30, line 13, you chime
06:22:14 25 in and talk about the dinar. Isn't that right?

06:22:18 1 A. Where are we at. 30, line 16?

06:22:22 2 Q. Line 13.

06:22:23 3 A. 13. I'm reporting about what my findings were
06:22:38 4 for the conference call.

06:22:39 5 Q. Page 32, line 4. You're interacting with Rudy
06:22:47 6 there. There is no mention of any problems with the
06:22:57 7 hedge fund, no mention of Rudy's background in there?

06:23:00 8 A. We're not talking about the hedge fund.

06:23:06 9 Q. Let's go to page 36, line 7. This is 32:30.

06:23:26 10 (Exhibit is played in open court.)

06:23:53 11 Q. Mr. Huebner, you don't interrupt and say: Oh, by
06:23:56 12 the way, our attorneys told us to give the money back.
06:23:59 13 Did you?

06:24:00 14 A. Mr. Crawford, I told you what they told me, and I
06:24:04 15 was told to put them in an escrow account, which meant
06:24:07 16 the money would be protected for the investors, and the
06:24:11 17 proceedings with the hedge fund attorneys was moving
06:24:15 18 forward.

06:24:15 19 Q. Mr. Huebner, the jury has seen what you've
06:24:18 20 written, okay. So we'll call it whatever you want to
06:24:20 21 call it. But at this point you know the attorneys told
06:24:24 22 you that the money has to go somewhere, whether it's
06:24:28 23 back or into an escrow account, but you don't say that
06:24:31 24 anywhere in here, do you?

06:24:32 25 A. I told you that I told Rudy to -- and he told me

06:24:36 1 that he did.

06:24:37 2 Q. What about the thousands of people that have
06:24:39 3 bought millions of dinar from you and have bought hedge
06:24:42 4 fund seats? Why don't you want to tell them what the
06:24:44 5 attorneys told you?

06:24:46 6 A. About what?

06:24:48 7 Q. You told everybody that you want to be totally
06:24:50 8 transparent, right?

06:24:51 9 A. At this point --

06:24:52 10 Q. You told everyone you want to be totally
06:24:54 11 transparent, true?

06:24:56 12 A. Correct.

06:24:56 13 Q. What could be more totally transparent than to
06:24:59 14 say: While we're on the subject of hedge funds, let me
06:25:02 15 tell you what our attorneys told us?

06:25:04 16 A. Mr. Crawford, I told you that I had gone to the
06:25:07 17 IRS.

06:25:07 18 THE COURT: Excuse me. Your attorney will
06:25:09 19 have an opportunity to redirect. So that we can get
06:25:14 20 through this, I'm going to ask you to please answer the
06:25:16 21 question. Do you remember the question?

06:25:24 22 THE WITNESS: No.

06:25:36 23 (The previous question was read back by the
06:25:38 24 court reporter.)

06:25:41 25 A. What's the question?

06:25:42 1 Q. What could be more transparent than suggesting to
06:25:46 2 these people on the phone call that actually our
06:25:48 3 attorneys told us we have problems?

06:25:54 4 Why didn't you tell these people, if you want to
06:25:56 5 be totally transparent, what the attorneys told you?

06:25:59 6 A. Because I was confused about what was happening,
06:26:02 7 what happened to me personally, and what didn't happen
06:26:05 8 to Mr. Coenen.

06:26:06 9 Q. What does confusion have to do with telling a
06:26:08 10 little bit of truth to the people that bought millions
06:26:11 11 of dinar from you?

06:26:12 12 A. Because I didn't want to misspeak if something
06:26:14 13 really didn't go down with Rudy Coenen, that the hedge
06:26:19 14 funds were moving forward.

06:26:23 15 Q. This is 37:29. Go to page 41. Start at line 4.

06:26:48 16 (Recording is played in open court.)

06:26:58 17 Q. Okay. If we look at line 9, this is Rudy Coenen
06:27:02 18 speaking of the attorneys.

06:27:04 19 A. Which page now?

06:27:05 20 Q. Page 41, line 9.

06:27:11 21 They're very comfortable with the way the hedge
06:27:14 22 fund has been set up, and I just want to tell everybody:
06:27:17 23 Rest assured.

06:27:18 24 Total lie. True? The attorneys are not
06:27:20 25 comfortable, are they?

06:27:24 1 A. From my one meeting, Hannah Terhune was lauding
06:27:31 2 the brilliant strategy that Mr. Coenen came up with
06:27:35 3 regarding the Iraqi hedge funds and investing in the ISX
06:27:43 4 and in companies going into Iraq. She really didn't
06:27:46 5 question anything at that time. And that's the only
06:27:49 6 meeting I was at, Mr. Crawford.

06:27:50 7 Q. This is on August 15 of 2011.

06:27:53 8 A. That is correct.

06:27:54 9 Q. Before this phone call she called you and told
06:27:57 10 you that you should not have the money?

06:27:59 11 A. This is regarding the investor seat money that --
06:28:03 12 the question that I asked her on July 5th.

06:28:07 13 Q. And Rudy is absolutely 100 percent lying when he
06:28:12 14 says the attorneys are comfortable with the way the
06:28:14 15 hedge fund has been set up?

06:28:16 16 A. With the way the hedge fund has been set up. I
06:28:20 17 don't think he's talking about -- you know, it could be
06:28:23 18 about the investor seat money. He's talking about how
06:28:25 19 the hedge fund is being set up.

06:28:27 20 Q. But you didn't say: Rudy, let's clarify that.
06:28:29 21 Actually, they do have some concerns?

06:28:32 22 A. I did not, Mr. Crawford.

06:28:33 23 Q. No, you didn't.

06:28:35 24 A. Because I'm still wondering what happened from
06:28:38 25 when I went to the FBI and nothing happened to Mr.

06:28:41 1 Coenen.

06:28:41 2 Q. Forget about the FBI. What about Hannah Terhune?
06:28:46 3 She raised questions about the hedge fund, right?

06:28:48 4 A. When? Not when I was with her, Mr. Crawford, on
06:28:53 5 July 5th.

06:28:55 6 Q. She did on the phone on July 16th at the latest?

06:28:58 7 A. July 14th she told me to have Mr. Coenen give the
06:29:02 8 money back.

06:29:03 9 Q. A month before this?

06:29:04 10 A. What?

06:29:05 11 Q. A month before this?

06:29:06 12 A. Yeah, she told me to tell Mr. Coenen to put the
06:29:09 13 money in a trust account.

06:29:15 14 Q. Page 43, line 5. Charlie asks about Rudy's work
06:29:27 15 at JP Morgan, then Rudy goes on about working at JP
06:29:30 16 Morgan Chase, true?

06:29:37 17 A. Repeat the question, please.

06:29:38 18 Q. Starting at line 43, page 5. Mr. Emmenecker asks
06:29:42 19 about --

06:29:43 20 A. Page 5?

06:29:44 21 Q. Line 5. I'm sorry. Page 43, line 5. Charlie
06:29:51 22 Emmenecker asks Rudy about JP Morgan, then Rudy goes on
06:29:55 23 about his false story about working at JP Morgan?

06:30:00 24 A. And the point being?

06:30:02 25 Q. You didn't interrupt him and say: Hey, folks,

06:30:06 1 I've got a private investigator report that doesn't say
06:30:10 2 anything about Rudy working at JP Morgan?

06:30:12 3 A. Mr. Crawford, I didn't know for sure. At that
06:30:14 4 point the report that I got said that it wasn't totally
06:30:17 5 accurate and I didn't know if there was anything.

06:30:20 6 Q. Well, why not just tell the people that?

06:30:23 7 A. Why --

06:30:23 8 Q. They've invested millions of dollars.

06:30:26 9 A. Why alarm the people if I didn't know for sure
06:30:30 10 that he hadn't worked at JP Morgan?

06:30:32 11 Q. You certainly had good reason to doubt it?

06:30:34 12 A. I didn't have absolute proof on that.

06:30:44 13 Q. Well, at the end of this call you talk about you
06:30:46 14 and Rudy being totally in sync. Do you remember that?

06:30:50 15 A. I do remember that.

06:30:57 16 Q. It's, of course, not entirely true because you
06:30:59 17 went to the FBI about him, true?

06:31:01 18 A. That is correct. But I had been referring
06:31:05 19 everybody that called in to our office about the hedge
06:31:08 20 funds to Rudolph Coenen.

06:31:10 21 Q. Because the hedge funds are his fault, right?

06:31:12 22 A. No. The hedge funds were his responsibility, and
06:31:15 23 I didn't know exactly where we were at.

06:31:19 24 Q. This is page 48, line 6.

06:31:25 25 (Exhibit is played in open court.)

06:32:28 1 Q. No mention there about the doubts you took to the
06:32:32 2 FBI, correct?

06:32:32 3 A. Once again, Mr. Crawford, I am totally confused
06:32:36 4 at what happened when I got slammed and nothing happened
06:32:40 5 to Rudy, and I was referring everything about the hedge
06:32:48 6 funds directly to Rudy. You remember I had 12 funds
06:32:51 7 myself.

06:32:52 8 Q. Well, of course you did. You couldn't hardly
06:32:54 9 not buy them, could you?

06:32:55 10 A. What do you mean?

06:32:56 11 Q. You couldn't sit here in front of these people
06:32:58 12 not having bought any hedge fund seats and tell them
06:33:01 13 that you're not guilty, could you?

06:33:03 14 A. I don't think that's hardly my motivation when I
06:33:06 15 bought the hedge funds, Mr. Crawford.

06:33:13 16 Q. Government's Exhibit 22. Do you recall this
06:33:22 17 e-mail --

06:33:23 18 A. Yes, I do.

06:33:25 19 Q. -- your daughter sent you at 10:32 a.m., and
06:33:29 20 seven minutes later you said: Thanks, honey.
06:33:33 21 Everyone's got their opinion. Do you recall that?

06:33:34 22 A. That is correct.

06:33:39 23 Q. There's a section of this e-mail. This is
06:33:42 24 Government's Exhibit 22 again. And the gist of those
06:33:44 25 two paragraphs is that registering as an MSB is a sign

06:33:50 1 of fraud in this dinar trade. Isn't that true?

06:33:53 2 A. Registering as an MSB is something that dinar
06:33:58 3 dealers will do to put the appearance of registration
06:34:00 4 and government oversight. However, the difference
06:34:03 5 between a legitimate MSB and dinar dealers is that a
06:34:07 6 real MSB is not making an investment. So ask yourself
06:34:10 7 if a business has to lie to get around registration, are
06:34:12 8 they really making a legitimate offer?

06:34:16 9 Q. About six months later you registered as an MSB,
06:34:20 10 correct?

06:34:20 11 A. That's correct. There's a six-month window.

06:34:24 12 Q. And as part of this investigation you were
06:34:26 13 audited. Do you remember that?

06:34:28 14 A. Audited regarding what?

06:34:30 15 Q. Your MSB compliance.

06:34:32 16 A. Yes.

06:34:34 17 Q. Mary Kidwell did the auditing?

06:34:37 18 A. That is correct.

06:34:39 19 Q. Some of her conclusions -- and this is defense
06:34:43 20 Exhibit 727, page 13 of the report. BH Group did not
06:34:48 21 have an anti-money laundering program, a risk evaluation
06:34:51 22 conducted via this examination determined the risk was
06:34:55 23 extremely high for money laundering. The business did
06:34:58 24 not attempt to establish an AML program before or after
06:35:01 25 registering the business as an MSB. Is that right?

06:35:05 1 A. That's what it said. And we also on your
06:35:08 2 evidence showed that I was in the process of taking
06:35:13 3 action to get in compliance with my business.

06:35:17 4 Q. Well, this was done in July 29 of '11.

06:35:27 5 A. Correct.

06:35:27 6 Q. You've been an MSB for six months by then?

06:35:31 7 A. Right.

06:35:32 8 Q. And you've done nothing to comply, true?

06:35:34 9 A. I told you that I started probably in May to look
06:35:39 10 into hiring a compliance officer or a firm to come in
06:35:43 11 and do what they needed to do to catch me up on
06:35:47 12 compliance issues.

06:35:49 13 Q. But you never did?

06:35:49 14 A. No, I was unfortunately raided and put out of
06:35:53 15 business.

06:35:54 16 Q. Her recommendations say: Due to the egregious
06:35:59 17 violations, the Bank Secrecy Act examination conducted
06:36:03 18 by the Internal Revenue Service examination for Energy
06:36:05 19 Saver Advisors, L.L.C.; DBA BH Group, should be referred
06:36:08 20 to FinCEN for civil enforcement.

06:36:11 21 The Internal Revenue Service recommends FinCEN
06:36:13 22 assess the maximum civil penalties to Energy Saver
06:36:17 23 Advisors, L.L.C.; DBA BH Group.

06:36:19 24 Do you remember that?

06:36:22 25 This is evidenced by zero compliance ratio before

06:36:25 1 and after registration.

06:36:28 2 Do you recall those recommendations?

06:36:30 3 A. That I got from FinCEN?

06:36:33 4 Q. That you got from this MSB audit?

06:36:37 5 A. When was I audited?

06:36:38 6 Q. July 29 of 2011.

06:36:42 7 A. That was two days after I was put out of
06:36:44 8 business. I told you that in April or May that I was
06:36:48 9 taking actions to get compliant and put in a compliance
06:36:52 10 system.

06:36:53 11 Q. So -- but you hadn't done anything?

06:36:56 12 A. You saw the evidence. You were trying to use
06:36:59 13 that against me.

06:37:00 14 Q. So this covers the period January 1, 2010 through
06:37:04 15 July 29, 2011. Do you recall that about this report?

06:37:08 16 A. I don't recall getting a report two days after I
06:37:12 17 was raided.

06:37:15 18 Q. You registered as an MSB in January of '11?

06:37:19 19 A. That is correct.

06:37:20 20 Q. You did absolutely nothing to even ask about
06:37:22 21 compliance until May. That's what you just said?

06:37:25 22 A. I agree that I was lax on compliance.

06:37:27 23 Q. Other issues to be considered. This is from the
06:37:30 24 report.

06:37:31 25 Bullet point 1. The dinar exchange is a scam.

06:37:36 1 Bullet point 2. Mr. Huebner promoted a possible
06:37:39 2 Ponzi scheme associated with the exchange of dinar. He
06:37:42 3 received reimbursement for his promotional efforts.

06:37:46 4 Do those conclusions sound familiar to you?

06:37:49 5 A. What, that the dinar is a scam?

06:37:51 6 Q. Those are the conclusions of the IRS audit of
06:37:54 7 your MSB business, correct?

06:37:56 8 A. Then I totally disagree that the dinar is a scam.
06:37:59 9 And what was the second point?

06:38:01 10 Q. Mr. Huebner promoted a possible Ponzi scheme
06:38:04 11 associated with the exchange of dinar. He received
06:38:06 12 reimbursement for his promotional efforts.

06:38:09 13 A. How do you classify the Ponzi scheme, and what
06:38:13 14 was the evidence that I did that?

06:38:14 15 Q. Mr. Huebner, I'm asking you if you've heard the
06:38:17 16 conclusions of an Internal Revenue audit of your money
06:38:20 17 service business.

06:38:20 18 A. That's the first I heard of it and I disagree
06:38:23 19 with both of them.

06:39:26 20 Q. Now, at the BH Group business you sometimes had
06:39:29 21 over \$10,000 in currency but didn't take all that money
06:39:32 22 to the bank because you did not want a currency
06:39:36 23 transaction report filed; is that correct?

06:39:40 24 A. I can't say that is totally correct.

06:39:47 25 MR. CRAWFORD: Your Honor, could we have a

06:39:48 1 sidebar, please?

06:39:56 2 (Whereupon the following discussion was had
06:40:13 3 at the bench outside the hearing of the jury:)

06:40:13 4 THE COURT: The record should reflect that
06:40:15 5 government counsel is showing defense counsel the
06:40:23 6 interview from August 5, 2011.

06:40:28 7 MR. KERGER: Judge, what we don't know is if
06:40:30 8 those were his words or if he was asked about a form or
06:40:35 9 report. He never adopted this statement. The agents
06:40:40 10 may have just called it a CTR because they know what it
06:40:43 11 is. But they may have asked over time: You just didn't
06:40:47 12 want a form filled out, and they may have called it a
06:40:49 13 CTR. We don't know that.

06:40:54 14 MR. CRAWFORD: If that's the standard for
06:40:56 15 deciding whether a proffer agreement stands, there will
06:41:00 16 never be an instance where we could ever say that
06:41:02 17 someone testified inconsistent with the proffer.

06:41:10 18 MR. KERGER: It would be if you recorded the
06:41:12 19 interview.

06:41:14 20 THE COURT: The government has --

06:41:16 21 MR. CRAWFORD: That doesn't relate to this,
06:41:17 22 Your Honor, but I would circle before --

06:41:20 23 THE COURT: Circle the ones you want to
06:41:23 24 identify.

06:41:35 25 MR. CRAWFORD: 58, 59.

06:41:38 1 THE COURT: The government has circled
06:41:39 2 paragraphs 58 and 59 from this interview. I'll allow
06:41:45 3 the questioning.

06:41:46 4 MR. CRAWFORD: To be clear, the questioning
06:41:48 5 is going to expressly say: You told Agent Kost on a
06:41:50 6 certain date something contrary to what your testimony
06:41:53 7 is here today?

06:41:54 8 MR. KERGER: Then Agent Kost is going to
06:41:56 9 come up and verify that? These are Agent Kost's notes.

06:42:04 10 THE COURT: He doesn't have to even mention
06:42:06 11 Kost. He could say: Isn't it true that on August 5,
06:42:11 12 2011, in an interview with the agents, you said -- and
06:42:19 13 then read what it says in these paragraphs. What's
06:42:22 14 wrong with that?

06:42:23 15 MR. CRAWFORD: If you --

06:42:23 16 MR. KERGER: I'll --

06:42:29 17 THE COURT: One at a time. Let's get
06:42:32 18 through this witness.

06:42:33 19 MR. KERGER: I would like to know why I need
06:42:35 20 to subpoena Agent Kost. He's been here for eight days.

06:42:39 21 THE COURT: We're going to get to that
06:42:41 22 later. Right now he's identified these two paragraphs.
06:42:43 23 I'm hearing nothing from defense counsel that would
06:42:46 24 suggest it would be improper to ask him about those
06:42:48 25 statements. What you want to do on redirect or with

06:42:52 1 another witness is something we can handle at a later
06:42:56 2 date.

06:42:56 3 MR. KERGER: Well, I would like the
06:42:58 4 opportunity to check the agent's notes to see if those
06:43:01 5 are the words they wrote down from our client, because
06:43:04 6 if we don't have that opportunity, and the question is
06:43:06 7 able to be asked, it's going to be irreparable damage;
06:43:09 8 we can't go back and fix it. If we can have a few
06:43:13 9 minutes to just check to make sure, then we can avoid
06:43:17 10 the problem.

06:43:22 11 THE COURT: Overruled. If there are such
06:43:25 12 notes, I'll allow you to have them, and you can use
06:43:29 13 them -- you already have them.

06:43:31 14 MR. KERGER: I just want to check them.

06:43:34 15 THE COURT: Well, check them while the
06:43:36 16 questioning is going on. Keep it moving.

06:43:41 17 (End of sidebar.)

06:43:50 18 BY MR. CRAWFORD:

06:43:50 19 Q. You had an interview with Agent Kost on August 5,
06:43:54 20 2011; is that true?

06:43:59 21 A. It could be. I'm not sure of the exact date.

06:44:04 22 Q. And you told Agent Kost that sometimes you had
06:44:07 23 over \$10,000 in currency but didn't take all the
06:44:10 24 currency to the bank because he did not want the
06:44:13 25 currency transaction report filed -- "he," meaning you,

06:44:17 1 did not want one filed. That's what you told Agent Kost
06:44:20 2 in August, true?

06:44:21 3 A. I don't recall that, but I -- I don't recall
06:44:24 4 that.

06:44:25 5 Q. You also told Agent Kost initially that your main
06:44:30 6 purpose for structuring currency deposits was to save
06:44:34 7 time because you didn't want the form filled out, true?

06:44:38 8 A. I wasn't trying to structure anything. I was
06:44:41 9 told that if it was under \$10,000 I didn't have to fill
06:44:44 10 out a form.

06:44:45 11 Q. And then when Agent Kost -- or when you were
06:44:48 12 asked how depositing currency at multiple banks the same
06:44:53 13 day saved time, you finally acknowledged that your
06:44:56 14 intent was actually to structure the deposits to evade a
06:45:01 15 filing requirement. That's what you told the agent,
06:45:04 16 true?

06:45:05 17 A. I don't recall that. But I had personal accounts
06:45:09 18 and a business accounts.

06:45:20 19 Q. Well, you knew that Key Bank had already filed a
06:45:25 20 CT for you sometime earlier for a large deposit, right?

06:45:29 21 A. Yes. I was aware because they said it was a
06:45:32 22 personal account. If it had been a commercial account,
06:45:35 23 it would not have been a problem.

06:45:36 24 Q. The answer was: Right, you knew it, that Key
06:45:40 25 Bank filed a CT on you, true?

06:45:42 1 A. They filed it on me? I'm not trying to be --
06:45:47 2 I'm trying to get clarification.

06:45:50 3 Q. You told John Miller what a CT was because the
06:45:56 4 bank filed one on him after he made a cash deposit for
06:45:59 5 you. Isn't that true?

06:46:00 6 A. I didn't tell John Miller what a CT was.

06:46:03 7 Q. You told him that they will file a report on him
06:46:06 8 if he make as deposit of more than \$10,000 into your
06:46:09 9 account, true?

06:46:10 10 A. I don't think I told John Miller that. John
06:46:15 11 Miller called me and said he had to fill out a report.

06:46:19 12 Q. And you told him it was because --

06:46:21 13 A. No, he told me.

06:46:22 14 Q. -- he deposited more than \$10,000, true?

06:46:25 15 A. No, he told me that was the reason.

06:46:31 16 Q. Now, you know that or you knew that Mike Teadt
06:46:39 17 worked for S.S. White in 2010 and 2011?

06:46:43 18 A. I thought Mike Teadt was a commission salesman
06:46:46 19 for S.S. White.

06:46:49 20 Q. You knew he worked for S.S. White in 2010 and
06:46:52 21 2011, true?

06:46:54 22 A. I just gave my answer.

06:46:56 23 Q. Which is yes?

06:46:57 24 A. Yes, as a commission salesman.

06:47:00 25 Q. And you knew he got fired two days after the

06:47:02 1 search warrant on your office?

06:47:04 2 A. Yes, I did.

06:47:11 3 Q. And you also admit to this jury that you never
06:47:13 4 did anything to verify Mr. Coenen's credentials before
06:47:17 5 inviting him on to the BH Group conference calls,
06:47:21 6 correct?

06:47:21 7 A. No, I do not.

06:47:26 8 THE COURT: You do not admit or you did not
06:47:29 9 do anything?

06:47:29 10 THE WITNESS: I did not do anything, Your
06:47:31 11 Honor.

06:47:31 12 THE COURT: Thank you.

06:47:45 13 BY MR. CRAWFORD:

06:47:45 14 Q. I show you Government's Exhibit 256. This is a
06:47:50 15 form you filled out for Project Hire; is that correct?

06:47:55 16 A. Correct.

06:47:58 17 Q. Here's page 2, page 3. That's your signature?

06:48:02 18 A. That is correct.

06:48:10 19 Q. Paragraph 15 says: Do you have a payroll system
06:48:16 20 which records all paychecks and amounts?

06:48:19 21 You answered: Yes.

06:48:20 22 That's a false statement; true?

06:48:21 23 A. That would be a false statement.

06:48:29 24 Q. Paragraph 19: Are any employees on layoff
06:48:34 25 currently?

06:48:35 1 And you said: Yes.

06:48:36 2 And then you added this portion here about
06:48:42 3 persons identified as the director of business
06:48:44 4 development; that's Mike Teadt, right? And executive
06:48:48 5 assistant, that's Kelly Bland, right?

06:48:51 6 A. Yeah. This -- I thought this went back to when I
06:48:54 7 originally hired Kelly when she was laid off. And I
06:48:58 8 thought Mike was a commission salesperson.

06:49:00 9 Q. Well, but you never called anybody at Wood County
06:49:03 10 and said: Mike Teadt, I think he's a total commission
06:49:06 11 salesman at S.S. White. He commutes. Would that
06:49:09 12 disqualify him from being in this program? You never
06:49:13 13 called anybody and asked them that?

06:49:14 14 A. I did not call and ask.

06:49:17 15 Q. But them being employees on layoff permanently?

06:49:21 16 Yes.

06:49:22 17 That's a false statement, isn't it?

06:49:23 18 A. Kelly was employed with me.

06:49:28 19 Q. It says the persons identified for director of
06:49:31 20 business development and executive assistant are
06:49:34 21 currently both laid off with no remote possibility of
06:49:37 22 being rehired. That refers to their past employment,
06:49:41 23 right?

06:49:41 24 A. Correct.

06:49:41 25 Q. So that's a false statement that they are laid

06:49:44 1 off from their past employment?

06:49:48 2 A. It would be, I guess.

06:49:59 3 Q. You got checks from Wood County at the end of
06:50:03 4 2010 paying for benefits; is that true?

06:50:05 5 A. Yes.

06:50:24 6 Q. And is this something that you signed?

06:50:29 7 A. Yes, that's my signature.

06:50:31 8 Q. And that's something you sent to Wood County
06:50:33 9 asking for more money; isn't that true?

06:50:45 10 A. Payment reimbursement schedule. Where's the
06:50:52 11 amount that I'm asking for?

06:50:53 12 Q. Total unpaid requested reimbursement.

06:50:56 13 A. \$4,000. Okay.

06:50:58 14 Q. You're asking for more money there?

06:51:00 15 A. Correct, to complete the program and training.

06:51:05 16 Q. We talked about this recorded conversation that
06:51:08 17 you had with Mr. Coenen. Mr. Kerger read some
06:51:13 18 transcripts from that, didn't he?

06:51:15 19 A. I can also answer in addition to that question.

06:51:18 20 I never did receive the money, and I never
06:51:20 21 applied for any more money.

06:51:23 22 Q. You got some money, didn't you?

06:51:24 23 A. I got some money, but I never applied for the
06:51:27 24 rest of it.

06:51:30 25 Q. You knew that Project Hire required your

06:51:32 1 employees to be unemployed, true?

06:51:34 2 A. That was the point of the original deal that I
06:51:40 3 went into, starting back in 2009.

06:51:43 4 Q. All right. This recorded conversation that Mr.
06:51:45 5 Huebner [sic] was reading a transcript from. On page
06:51:50 6 17, line 15, it's got you in here saying: Let's talk
06:51:55 7 about the money and the dollar scam. Let's talk about
06:51:58 8 that.

06:51:59 9 What did you mean by dollar scam? Do you
06:52:01 10 remember saying that?

06:52:01 11 A. Where are we at, please?

06:52:04 12 Q. This is the transcript that Mr. Kerger was
06:52:07 13 reading to you about this recorded conversation you had
06:52:09 14 with Rudy Coenen. Do you remember referring to a dollar
06:52:12 15 scam?

06:52:12 16 MR. KERGER: Excuse me. What page?

06:52:14 17 MR. CRAWFORD: Page 17, line 15.

06:52:16 18 A. Dollar scam? I'm not familiar.

06:52:22 19 Q. Could it be dollar skin?

06:52:23 20 A. I'd like to see the context of what this is in
06:52:26 21 because I am totally oblivious to what you're trying to
06:52:29 22 point out.

06:52:42 23 (Document is given to Defendant Huebner.)

06:52:50 24 A. I have no idea what the dollar scam is.

06:52:54 25 Q. Well, if the transcript is incorrect, and you're

06:52:57 1 saying something to the effect of dollar skin, does that
06:53:00 2 raise your or refresh your recollection at all?

06:53:02 3 A. Dollar skin? No, it does not. I have no idea
06:53:08 4 what dollar scam is.

06:53:11 5 Read the paragraph before. Maybe it will have
06:53:14 6 some relevance.

06:53:22 7 Q. This is from Rudy. It says: You [inaudible] in
06:53:25 8 the game. I've seen it all. You want to tell me I'm
06:53:29 9 [inaudible].

06:53:30 10 Then you say: Let's talk about the money and the
06:53:32 11 dollar scam, let's talk about that.

06:53:34 12 Let me play you a portion of the recording and
06:53:36 13 see if that refreshes your recollection as to whether
06:53:39 14 the transcript is correct here or not.

06:53:44 15 (Exhibit is played in open court.)

06:54:10 16 Q. Any recollection of that, Mr. Huebner?

06:54:12 17 A. What did it actually say? Dollar skin?

06:54:17 18 Q. Can you not understand the recording?

06:54:18 19 A. I couldn't tell what it said, Mr. Crawford. But
06:54:22 20 I have no idea what it's talking about dollar skin or
06:54:25 21 dollar scam.

06:54:26 22 Q. Do you remember telling Rudy during that
06:54:28 23 conversation on page 16, line 20; you asked Rudy: How
06:54:32 24 many times did I defend you?

06:54:35 25 And then you answered: All the time.

06:54:38 1 Do you remember telling him that?

06:54:40 2 A. Yes. I mean, that had to do with when people
06:54:44 3 questioned his military background and that he worked
06:54:47 4 for JP Morgan. I did defend him.

06:54:53 5 Q. Here's page 15, line 1.

06:54:56 6 Mr. Huebner: All right. The bottom line, I told
06:54:59 7 you why I put myself on as the manager of Emerging
06:55:03 8 Gains, L.L.C., because I admitted with all this bullshit
06:55:08 9 of your reputation, defending it over and over and over
06:55:11 10 okay, and why did we have -- whether it's dignitaries or
06:55:15 11 governments or newspapers that wanted to check out who
06:55:17 12 in the hell we are, you're going to do a background
06:55:20 13 check before they start endorsing us. Why would we put
06:55:23 14 that out there just to cause initial questions? Why?
06:55:26 15 There is no reason to. I told you we were equal
06:55:29 16 partners all the way on this thing, all right.

06:55:31 17 What did you mean by that?

06:55:33 18 A. Exactly what it said.

06:55:35 19 Q. Well, if you want to be totally transparent, why
06:55:38 20 do you want to hide Rudy?

06:55:40 21 A. I didn't know if it was untrue at that point or
06:55:42 22 not. I hadn't verified that he wasn't with JP Morgan
06:55:46 23 and that he was -- that he basically told me a lie about
06:55:53 24 his whole military career.

06:55:55 25 Q. Well, you were worried enough to create a Nevada

06:55:59 1 corporation that excluded him and then do a side
06:56:01 2 partnership agreement to hide his interest, true?

06:56:04 3 A. Mr. Crawford, I told you --

06:56:06 4 Q. Is the question -- is the answer to my question:
06:56:09 5 True?

06:56:09 6 A. I'm answering you. I already told you that the
06:56:12 7 question with Mr. Varner -- or maybe my attorney was
06:56:15 8 saying: Mr. Varner, PK, and I were concerned about
06:56:20 9 having Rudy on the management because of the rumors on
06:56:23 10 the internet. So I didn't put him on originally, but I
06:56:27 11 made a separate profit sharing agreement.

06:56:29 12 Q. Why not take the time to just vet that all out
06:56:32 13 and inform yourself about who Rudy really is?

06:56:35 14 A. Can I answer the question?

06:56:36 15 Q. Sure.

06:56:36 16 A. Okay. This is in -- what was the date, Mr.
06:56:39 17 Crawford?

06:56:40 18 Q. On what?

06:56:41 19 A. On what you just read.

06:56:45 20 Q. We don't know the date for when this conversation
06:56:47 21 took place.

06:56:48 22 A. I think it was in June or July, Your Honor. And
06:56:53 23 I was doing -- you admitted that June was my biggest
06:56:57 24 month for the dinar. And we were getting ready; we were
06:57:00 25 working three nights a week doing the preparation for

06:57:03 1 the Emerging Gains project. And that is why -- I was
06:57:11 2 working 16 hours a day.

06:57:22 3 Q. Do you recognize this e-mail?

06:57:28 4 A. Yes.

06:57:35 5 Q. You talk in your direct testimony about how you
06:57:38 6 never talked about rate and date on your phone calls,
06:57:41 7 right?

06:57:43 8 A. What's this now? What paragraph are you at?

06:57:46 9 Q. I'm asking you about your direct testimony. You
06:57:49 10 testified on your direct testimony that you avoided
06:57:52 11 talking about the rate and date on your conference
06:57:54 12 calls, right?

06:57:55 13 A. I would say 95 percent of our calls never mention
06:57:59 14 rate and date.

06:58:00 15 Q. But you did talk about it, true?

06:58:02 16 A. The -- I want to interject something here, if I
06:58:07 17 may, to help answer your question. At the beginning of
06:58:10 18 each call I would have the people that were on the call,
06:58:14 19 and I would -- which would be Charlie Emmenecker, Rudy,
06:58:18 20 and our guest. And my standard was to tell Charlie not
06:58:24 21 to bring in political preferences and to limit any Xango
06:58:31 22 information; and I would tell Rudy not to express his
06:58:34 23 religious preferences and not to talk about the rate and
06:58:39 24 date. I said that at every beginning of each conference
06:58:42 25 call.

06:58:42 1 Q. Okay. The first part I've highlighted here talks
06:58:45 2 about pumping the site, true?

06:58:47 3 A. Pumping is a marketing term.

06:58:50 4 Q. Well, it's a marketing term that means promoting
06:58:56 5 the site and making it sound more important than what it
06:58:59 6 is; isn't that what pumping means?

06:59:01 7 A. No, it isn't.

06:59:02 8 Q. What is pumping?

06:59:03 9 A. Pumping is marketing and doing it exuberantly.

06:59:06 10 Q. And you want Rudy to market exuberantly so that
06:59:13 11 he can do it without anyone knowing that he owns the
06:59:16 12 website, right?

06:59:21 13 A. This had nothing to do with dinar. This site had
06:59:26 14 nothing to do with dinar whatsoever.

06:59:28 15 Q. "I believe this is a good tactic as you can then
06:59:31 16 chime in with Scooter, Tony, and Roger to help promote
06:59:34 17 the website and not look like you are an owner pumping
06:59:37 18 the site." You wrote that, true?

06:59:39 19 A. That is correct. There is nothing wrong with
06:59:43 20 talking about marketing the site.

06:59:46 21 Q. Is it wrong to hide the true ownership so that
06:59:49 22 people don't know who's promoting the site?

06:59:52 23 A. We were trying to basically have a clean
06:59:56 24 management so that until we found out what the situation
07:00:00 25 really was, we didn't want to put it on there.

07:00:07 1 Q. The second part I've highlighted there it says:
07:00:10 2 With Emerging Gains, I'm the natural one to lead this
07:00:13 3 entity, and it complements helping the BH Group members
07:00:17 4 and others to make the transition from rate and date to
07:00:20 5 "it's the country, not the currency." So BH Group
07:00:23 6 members and others are currently in this rate and date
07:00:29 7 mode is what you're writing; isn't that right?

07:00:32 8 A. I'm talking about everybody on the internet. We
07:00:35 9 weren't just going to market this to BH Group members.
07:00:38 10 We were marketing it to all dinar recipients. And
07:00:41 11 that's why I held the dinar Summit and invited the top
07:00:45 12 dinar leaders to introduce them to Emerging Gains.

07:00:50 13 Q. This is Government's Exhibit 187.

07:00:53 14 (Exhibit is played in open court.)

07:01:17 15 Q. That is you specifically asking Scooter to talk
07:01:19 16 about the rate and date, isn't it?

07:01:21 17 A. Can you put the paragraph before that, because I
07:01:24 18 reference it.

07:01:32 19 (Exhibit is played in court.)

07:01:35 20 Q. You mean the paragraph before this?

07:01:36 21 A. Yes.

07:01:37 22 Q. You can't comment on this paragraph?

07:01:39 23 A. I want to know what this is relative to because
07:01:41 24 it's out of context, and you take clips, and it can be
07:01:44 25 totally misconstrued.

07:01:46 1 Q. You've had a chance to review all the conference
07:01:48 2 calls, haven't you?

07:01:49 3 A. There is hundreds.

07:01:51 4 Q. You've had the Government's exhibits for six
07:01:53 5 months, haven't you, Mr. Huebner?

07:01:54 6 A. There are hundreds of calls. I'm just asking
07:01:57 7 you, Mr. Crawford, to please play me the part before
07:01:59 8 that so I can put context into giving you an honest
07:02:03 9 answer.

07:02:03 10 Q. Well, you have the chance to play these calls
07:02:05 11 yourself, don't you, Mr. Huebner?

07:02:08 12 A. No comment.

07:02:11 13 THE COURT: Please answer the question.

07:02:12 14 A. Yes.

07:02:15 15 Q. But you didn't play any of them on your direct
07:02:18 16 testimony, did you?

07:02:19 17 A. Play any of what?

07:02:21 18 Q. The conference calls.

07:02:22 19 A. Which conference calls?

07:02:24 20 Q. Any.

07:02:24 21 A. I did.

07:02:26 22 Q. On the direct testimony that you gave this
07:02:28 23 morning?

07:02:29 24 A. Now I'm confused. What testimony, and what
07:02:33 25 calls?

07:02:33 1 Q. You testified for the better part of today with
07:02:36 2 Mr. Kerger asking you questions, true?

07:02:38 3 A. That is correct.

07:02:39 4 Q. You did not play any conference calls during the
07:02:41 5 time Mr. Kerger was asking you questions; is that true?

07:02:44 6 A. Mr. Kerger did not play any calls.

07:03:15 7 Q. You mentioned a Jim first told you about RV and
07:03:18 8 the dinar. Who is Jim?

07:03:20 9 A. A friend of mine, Jim Brown, who's a networker.

07:03:24 10 Q. What does he network?

07:03:25 11 A. Right now he's networking a video e-mail program.
07:03:37 12 He's one of the best networkers in the world.

07:03:39 13 Q. And what is his expertise on the dinar RV?

07:03:43 14 A. I didn't say he had any expertise in it. He just
07:03:47 15 called me to tell me about the dinar.

07:03:50 16 Q. What is his expertise on the dinar RV?

07:03:53 17 A. I don't think he has any expertise. He just told
07:03:57 18 me that there was a revaluation being mentioned.

07:04:00 19 Q. And you believed him?

07:04:01 20 A. I certainly went and looked at it myself.

07:04:07 21 Q. You mentioned Ali having some family problems in
07:04:12 22 2009 that caused him to shut down. What were those
07:04:15 23 family problems?

07:04:16 24 A. Well, what Ali told me was that there was a gang
07:04:19 25 that was -- the FBI had come to him and told him that

07:04:25 1 there was a gang looking at trying to move in on his
07:04:30 2 family members or -- and his wife had been in an
07:04:36 3 automobile accident when this gang was trying to abduct
07:04:40 4 her for ransom.

07:04:41 5 Q. Okay. Did the gang ever get them?

07:04:44 6 A. Did the gang ever get who?

07:04:46 7 Q. Ali's wife?

07:04:47 8 A. She was in an automobile accident and injured,
07:04:50 9 according to what Ali told me.

07:04:53 10 Q. Did you ever read any news reports or anything on
07:04:55 11 that?

07:04:55 12 A. I did not.

07:04:57 13 Q. But you shared that story on your BH Group calls?

07:05:00 14 A. That's what Ali told me.

07:05:02 15 Q. And Ali was very much an expert for you, right?

07:05:05 16 A. Well, he was the largest dinar dealer in the
07:05:08 17 world.

07:05:08 18 Q. You had a very close relationship with him?

07:05:10 19 A. I mean, I was a customer of his. Ali would tell
07:05:14 20 me certain things that I don't think he told other
07:05:17 21 people.

07:05:17 22 Q. Well, you told BH Group listeners that as soon as
07:05:20 23 the RV happened, you'd get an immediate phone call from
07:05:24 24 Ali?

07:05:24 25 A. That is correct. That is what he told me.

07:05:26 1 Q. And Ali came on the conference calls in March of
07:05:30 2 2011 and told you that an instantaneous RV was never
07:05:35 3 going to happen. Is that right?

07:05:37 4 A. It could -- you know, RVs can come in several
07:05:41 5 forms. It could start out as a float. But when the
07:05:44 6 first movement of the price of the dinar happened, he
07:05:49 7 was going to call me.

07:05:50 8 Q. But, Mr. Huebner, that's not what you were
07:05:52 9 talking about on your phone calls. You were talking
07:05:55 10 about an instantaneous RV, true?

07:05:57 11 A. I was talking about Ali calling me when he got
07:06:00 12 any information about the increase in the dinar.

07:06:03 13 Q. And the RV that you were promoting was an
07:06:07 14 instantaneous massive increase in the price of the
07:06:09 15 dinar, true?

07:06:10 16 A. Nobody knew for sure, Mr. Crawford.

07:06:13 17 Q. That's not what you were promoting?

07:06:14 18 A. Nobody knew for sure.

07:06:15 19 Q. That's not what you were promoting?

07:06:17 20 A. I always said: Treat this as an investment, not
07:06:21 21 a lottery ticket. Knowledge is king. You'll never find
07:06:25 22 where I said a date or rate.

07:06:27 23 Q. Your guests did, didn't they?

07:06:30 24 A. A couple of them did. And I had warned them in
07:06:33 25 the beginning of the statement -- of the call not to do

07:06:36 1 that. But for the most part, if you go to any of the
07:06:39 2 other calls, they're all talking about date and rates.
07:06:43 3 We were very sensitive towards that.

07:06:45 4 Q. So other people were doing it wrong; you were
07:06:48 5 doing it right?

07:06:48 6 A. We were trying to. Nobody was giving them the
07:06:51 7 education that we were. You heard some of our
07:06:53 8 witnesses.

07:06:58 9 Q. Frank Villa, he was how you met Rudy Coenen?

07:07:01 10 A. Frank is a local friend of mine here in Toledo.

07:07:04 11 Q. He came to your dinar summit?

07:07:06 12 A. Yes, he did.

07:07:06 13 Q. Wearing a purple velvet suit?

07:07:09 14 A. So?

07:07:09 15 Q. He was wearing a purple velvet suit; is that
07:07:13 16 true?

07:07:13 17 A. Yes, he was.

07:07:14 18 Q. With matching purple shoes?

07:07:15 19 A. Really, Mr. Crawford?

07:07:17 20 Q. Did he?

07:07:17 21 A. I didn't know -- I didn't see his purple shoes.

07:07:20 22 Q. He had a purple suit on?

07:07:22 23 A. Yes, he did.

07:07:22 24 Q. And he was one of your dinar experts?

07:07:24 25 A. Yes, he is.

07:07:25 1 Q. With Scooter?

07:07:26 2 A. That's his moniker.

07:07:28 3 Q. What's his real name?

07:07:30 4 A. Scott Pemba [phonetically].

07:07:32 5 Q. Was that put out over the internet conference
07:07:34 6 calls?

07:07:35 7 A. Most of these people all used a --

07:07:38 8 THE COURT: Yes or no?

07:07:39 9 A. No.

07:07:40 10 THE DEFENDANT: No, Your Honor.

07:07:40 11 Q. How about Tony Breitling. That's not his real
07:07:43 12 name, is it?

07:07:44 13 A. No, it's Tony Elder.

07:07:46 14 Q. And his real name was not put out over the
07:07:49 15 internet, was it?

07:07:49 16 A. No. I think I was one of the only people who put
07:07:53 17 my real name out over the internet.

07:07:55 18 Q. Now, Frank Villa told Rudy Coenen that God told
07:07:59 19 him that the dinar would RV at \$3. Did Frank Villa tell
07:08:04 20 you that?

07:08:05 21 A. No, he did not.

07:08:19 22 Q. Pretty soon after you met with Rudy -- well, let
07:08:23 23 me strike that.

07:08:24 24 Shortly after talking -- strike that too.

07:08:28 25 Shortly after Rudy suggested doing these hedge

07:08:33 1 funds, you mentioned that he sent out an e-mail that had
07:08:36 2 a lot of grammatical errors in it; is that correct?

07:08:39 3 A. Rudy had difficulty in composing a grammatically
07:08:45 4 correct communication.

07:08:47 5 Q. You didn't see that as a red flag for someone who
07:08:50 6 was supposed to be a vice-president of JP Morgan?

07:08:52 7 A. A lot of brilliant people can't write correctly.

07:08:57 8 Q. Rudy sold seat 127 about 80-some-odd times; isn't
07:09:02 9 that right?

07:09:03 10 A. I explained that earlier in my testimony, but
07:09:05 11 that's the one number he used to ask people if they were
07:09:10 12 interested, and then when we finally had an arrangement
07:09:15 13 where I was going to take over the administrative part
07:09:19 14 of the hedge funds, my girls straightened everything out
07:09:24 15 and gave, if there was 80 seats, they gave them 80
07:09:28 16 different numbers. That one seat wasn't sold 80 times.

07:09:32 17 Q. But Rudy's disorganization, that didn't raise a
07:09:35 18 red flag to you about who you were dealing with?

07:09:37 19 A. Some of the most brilliant people have problems
07:09:40 20 with organization or spelling.

07:09:54 21 Q. These hedge funds you bought for charities like
07:09:57 22 the Toledo Museum of Art, did you contact them about
07:10:00 23 those hedge fund seats?

07:10:01 24 A. No, I did not.

07:10:02 25 Q. Who was going to source the dinar once the

07:10:06 1 revaluation happened to fund their hedge fund seat?

07:10:11 2 Where was the dinar going to come from?

07:10:12 3 A. From me as a gift. I went and had notarized
07:10:18 4 gifting letters to all of those charities. And they're
07:10:21 5 in your possession when you took all my materials from
07:10:24 6 my office.

07:10:27 7 Q. No need to send them out because the RV hasn't
07:10:29 8 happened, true?

07:10:30 9 A. That is correct. I don't have them anymore.
07:10:36 10 Unfortunately, those charities are going to miss out.

07:10:54 11 Q. Apex, you said you checked out Apex on the
07:10:57 12 internet?

07:10:58 13 A. Yes, I did.

07:10:58 14 Q. Never called them, did you?

07:11:00 15 A. No, I did not.

07:11:03 16 Q. You heard the story from Rudy that Apex dropped
07:11:07 17 them supposedly because they received so many phone
07:11:10 18 calls, true?

07:11:10 19 A. Yes.

07:11:11 20 Q. And they received so many phone calls because on
07:11:14 21 one of the phone calls they were told: Call Apex,
07:11:21 22 they'll talk to you?

07:11:22 23 A. When Rudy said that, I just cringed because I
07:11:25 24 know how networkers are. You tell networkers to go
07:11:28 25 ahead and call, they'll call.

07:11:30 1 Q. Because they want to know what's going on with
07:11:33 2 Apex, true?

07:11:34 3 A. They want to verify everything.

07:11:36 4 Q. But not you, because you didn't call Apex, did
07:11:38 5 you?

07:11:39 6 A. I didn't. I went on the internet and saw how
07:11:43 7 substantial a company they were, which was very
07:11:46 8 impressive.

07:12:12 9 Q. You mentioned that Michael Teadt knows Rudy. How
07:12:15 10 do you know that?

07:12:16 11 A. Michael Teadt met Rudy when Rudy came to Toledo.

07:12:20 12 Q. And what was the extent of their interaction?

07:12:23 13 A. Not much.

07:12:41 14 Q. You were asked about statements made on the
07:12:44 15 conference calls about private insurance that could be
07:12:47 16 purchased for dinar. Do you recall that question?

07:12:52 17 A. No, not dinar.

07:12:54 18 Q. Or investments. Do you recall Mr. Kerger asking
07:12:58 19 you a question about private insurance for investments?

07:13:02 20 A. Yes.

07:13:03 21 Q. That was not what was put out on the conference
07:13:05 22 call, was it?

07:13:06 23 A. As I mentioned in my testimony to Mr. Kerger,
07:13:08 24 there is a government agency that does exactly what Rudy
07:13:14 25 mentioned, but it wasn't the exact same name. It had

07:13:17 1 parts of it, and he probably misconstrued it.

07:13:21 2 Q. Rudy never told anyone that they had to buy
07:13:23 3 insurance, did he?

07:13:25 4 A. He never said they didn't have to, either.

07:13:28 5 Q. Rudy told people that your investment is covered
07:13:33 6 90 percent by the government and said nothing about
07:13:36 7 insurance, true?

07:13:37 8 A. That could be true. But Bayshore could be buying
07:13:40 9 the insurance, and the investors wouldn't even know it.

07:13:44 10 Q. What if Bayshore didn't buy the insurance?

07:13:46 11 A. What if they didn't?

07:13:47 12 Q. Well, then people would be expecting to get 90
07:13:51 13 percent back, and it would be a lie?

07:13:52 14 A. Why wouldn't Bayshore buy the insurance to get
07:13:55 15 the 90 percent? That would seem to be a great risk
07:13:58 16 value. I certainly would have.

07:14:03 17 Q. No one was told that insurance had to be
07:14:05 18 purchased, right?

07:14:07 19 A. All that was told was that insurance was
07:14:10 20 available to protect the investments.

07:14:13 21 Q. When did you ever hear Rudy Coenen tell anyone
07:14:16 22 that insurance was available?

07:14:18 23 A. He said that a lot on the conference calls.

07:14:21 24 Q. Which one?

07:14:22 25 A. When talking about the Overseas Protection Act or

07:14:26 1 whatever. I know he said it at the Toledo conference,
07:14:32 2 he was mentioning it.

07:14:33 3 Q. He mentioned a 90 percent guarantee and said
07:14:36 4 nothing about insurance, true?

07:14:38 5 A. He mentioned a 90 percent guarantee, but he -- if
07:14:42 6 the insurance was part of that and he didn't say it, and
07:14:45 7 it was still guaranteed, then I don't see the relevance.
07:14:52 8 I think we're talking semantics.

07:14:56 9 Q. So leaving out the part about actually having to
07:14:59 10 purchase an insurance policy before you're covered 90
07:15:02 11 percent, that's semantics to you?

07:15:04 12 A. No, the individual investor was not going to have
07:15:07 13 to purchase the insurance. Bayshore or whoever was
07:15:10 14 running the hedge fund would buy the insurance to
07:15:13 15 protect the investments.

07:15:26 16 Q. You mentioned having a flurry of activity at some
07:15:33 17 point filling orders because people wanted their dinar
07:15:35 18 right away. Those people wanted their dinar right away
07:15:39 19 because they were being told that they had to get it
07:15:42 20 right now because the revaluation could be tomorrow,
07:15:46 21 true?

07:15:46 22 A. What date and time are you talking about this
07:15:52 23 happening?

07:15:53 24 THE COURT: Whatever. Whenever. True?

07:15:56 25 A. It could be. Nobody knew when the RV was going

07:16:06 1 to happen or -- so I don't know about the question.

07:16:25 2 (Discussion had off the record.)

07:16:40 3 BY MR. CRAWFORD:

07:16:41 4 Q. Mr. Huebner you listened to Luyen Tran's
07:16:44 5 testimony; is that true?

07:16:45 6 A. I certainly did.

07:16:46 7 Q. Do you believe he actually worked at the Treasury
07:16:49 8 Department at some point?

07:16:50 9 A. I don't know. He doesn't work there now.

07:16:53 10 Q. So he may be an imposter; is that your thought?

07:16:55 11 A. I have no idea who the man is. I heard he had a
07:16:59 12 Harvard graduate degree.

07:17:06 13 Q. His testimony about this insurance program that
07:17:13 14 you referred to -- well, strike that.

07:17:15 15 His testimony about Executive Order 13303 having
07:17:18 16 nothing to do with the dinar; do you believe that
07:17:22 17 testimony by him?

07:17:22 18 A. I was appalled. I could not believe what he was
07:17:27 19 talking about.

07:17:29 20 Q. Well, Executive Order 13303, the word "dinar"
07:17:32 21 does not appear in there anywhere, does it?

07:17:34 22 A. You're right. Financial instruments is referred
07:17:38 23 to in there, and a currency is a financial instrument.

07:17:42 24 Q. Based on what, your personal definition?

07:17:44 25 A. Financial instruments. It could be bonds; they

07:17:48 1 could be stocks; they could be currency.

07:17:52 2 Q. Where do you get that from, Mr. Huebner?

07:17:57 3 A. Financial instruments is an all-encompassing
07:18:01 4 term.

07:18:01 5 Q. That's your opinion?

07:18:02 6 A. That is my opinion.

07:18:04 7 Q. What about the 3.7 trillion dinar that the
07:18:07 8 government is supposed to hold. Do you believe Luyen
07:18:11 9 Tran's testimony on that?

07:18:12 10 A. I absolutely don't.

07:18:13 11 Q. Is there a secret account somewhere where there
07:18:16 12 are some dinar?

07:18:17 13 A. Luyen Tran testified that he had a clearance, and
07:18:20 14 I imagine it was about a mid-level clearance, and those
07:18:23 15 people in the U.S. Treasury Department, who is the main
07:18:27 16 entity regarding this whole revaluation and global
07:18:31 17 currency reset, is the U.S. Treasury. And I doubt that
07:18:34 18 it would be going -- information to a mid-level manager.

07:18:38 19 Q. So Scooter has got the inside scoop on the 3.7
07:18:44 20 trillion dinar, but not Luyen Tran?

07:18:46 21 A. Scooter has a lot of information. But do you
07:18:49 22 honestly think the U.S. government --

07:18:51 23 Q. You or not asking questions, Mr. Huebner.

07:18:54 24 A. All right.

07:18:54 25 Q. Do you think Scooter has the inside scoop on 3.7

07:18:58 1 trillion dinar that Luyen Tran does not?

07:19:02 2 A. I just --

07:19:04 3 THE COURT: Can you answer yes or no?

07:19:05 4 A. Possibly.

07:19:07 5 MR. CRAWFORD: I have no other questions,
07:19:09 6 Your Honor.

07:19:29 7 - - -

07:19:29 8 BRADFORD HUEBNER, REDIRECT EXAMINATION

07:19:31 9 BY MR. KERGER:

07:19:31 10 Q. Mr. Huebner, this is my iPad. I pulled up on
07:19:35 11 there the official website for the U.S. Treasury.

07:19:40 12 A. This goes back to Mr. Crawford?

07:19:42 13 Q. That's the official website for the U.S.
07:19:44 14 Treasury. Does it have a search field?

07:19:48 15 A. Yes.

07:19:49 16 Q. Do you see it?

07:19:50 17 A. Yes, I do.

07:19:50 18 Q. Type in the words "dinar" and "Iraq" on the U.S.
07:19:54 19 Treasury website. What's the second document pulled up
07:20:03 20 by the U.S. Treasury in response to that search?

07:20:08 21 A. Hold on just a second. I didn't put a space
07:20:13 22 there.

07:20:23 23 Actually, the third document is 13303, U.S.
07:20:41 24 Department of Treasury.

07:20:46 25 Q. What is that?

07:20:47 1 A. That is the Presidential Order from George W.
07:20:51 2 Bush 13303.

07:20:52 3 Q. The second document pulled up on the U.S.
07:20:56 4 Treasury website, Executive Order 13303, does relate, in
07:21:02 5 fact, to Executive Order 13303?

07:21:04 6 A. That is correct.

07:21:05 7 Q. And that's the U.S. Treasury Department?

07:21:06 8 A. That is correct.

07:21:09 9 Q. When you were interviewed by Agent Kost on August
07:21:14 10 5. Did you ever use the term CTR?

07:21:16 11 A. I don't believe so.

07:21:17 12 Q. You've heard Frank Sinatra referred to as the
07:21:23 13 Chairman of the Board?

07:21:24 14 A. Correct.

07:21:26 15 Q. Sort of an all-encompassing --

07:21:27 16 A. Yes.

07:21:28 17 Q. Is that the way you understood Charlie was
07:21:30 18 referring to you?

07:21:31 19 A. That's Charlie.

07:21:31 20 Q. What do you mean by that?

07:21:33 21 A. That's just the way he is.

07:21:34 22 Q. Let's talk about your military career. When you
07:21:37 23 came in, you started as a second lieutenant?

07:21:39 24 A. That is correct.

07:21:39 25 Q. You're in there for two years?

07:21:41 1 A. That is correct.

07:21:42 2 Q. You were promoted?

07:21:42 3 A. That is correct.

07:21:43 4 Q. To a first lieutenant?

07:21:45 5 A. That is correct.

07:21:45 6 Q. And that's as far as you could have gone in two
07:21:48 7 years?

07:21:48 8 A. And that's as far as I wanted to go in two years.

07:21:53 9 Q. Now, in Vietnam there were some problems with
07:21:57 10 college guys coming into the military and serving with
07:22:00 11 old school military officers?

07:22:03 12 A. I can definitely relate to that with my
07:22:06 13 commanding officer.

07:22:07 14 Q. He didn't like you because he thought you were a
07:22:10 15 cocky young punk?

07:22:11 16 A. He didn't like me because I called him out
07:22:14 17 because he was an alcoholic lifer that was about 50
07:22:17 18 years old and still a major in a combat zone. And I did
07:22:21 19 not respect him.

07:22:25 20 Q. Mr. Crawford asked you repeatedly about an
07:22:28 21 interview with the FBI on July 27, and you were asked
07:22:33 22 when you met Mr. Coenen.

07:22:34 23 A. Yes, sir.

07:22:35 24 Q. When is the first time you physically touched
07:22:38 25 skin with Rudy Coenen?

07:22:40 1 A. It could have been about that date.

07:22:42 2 Q. You knew of him back in September of '10?

07:22:46 3 A. Yes.

07:22:46 4 Q. You had him on calls?

07:22:48 5 A. Right.

07:22:48 6 Q. But you'd never met until February?

07:22:50 7 A. That's true.

07:22:53 8 Q. As far as what you said to the agents, nobody
07:23:04 9 recorded that conversation with Agent Kost?

07:23:07 10 A. I don't -- I don't know when I was being recorded
07:23:11 11 with Agent Kost.

07:23:11 12 Q. You didn't see him --

07:23:13 13 A. I didn't see any recording.

07:23:14 14 Q. You've never seen a transcript of any of your
07:23:18 15 interviews?

07:23:18 16 A. No.

07:23:19 17 Q. Was that your decision or theirs?

07:23:20 18 A. That's theirs.

07:23:22 19 Q. We don't know what they asked?

07:23:23 20 A. That's correct.

07:23:23 21 Q. And we don't know what you said except the way
07:23:26 22 they took it down?

07:23:26 23 A. Correct.

07:23:27 24 Q. After they had been investigating you for several
07:23:29 25 months?

07:23:30 1 A. Correct.

07:23:31 2 Q. When you were there, did Agent Kost say anything
07:23:35 3 about Rudy Coenen not working for JP Morgan?

07:23:39 4 A. No, he did not.

07:23:40 5 Q. Did he say anything about Rudy Coenen not having
07:23:42 6 been in the Marine Corps?

07:23:44 7 A. No, he did not.

07:23:51 8 Q. Could you pull up 146, please.

07:24:20 9 Can you enlarge -- this is the e-mail of the
07:24:26 10 14th.

07:24:26 11 A. Okay.

07:24:32 12 Q. And she said: I had to tell him today.

07:24:36 13 A. Right.

07:24:37 14 Q. It doesn't say: As I have told him repeatedly?

07:24:40 15 A. That is correct.

07:24:43 16 Q. Scroll to the second page. This is an e-mail you
07:24:54 17 wrote on the 6th, right?

07:24:56 18 A. That is correct.

07:25:02 19 Q. Can you highlight this paragraph? The one just
07:25:11 20 above it.

07:25:17 21 There's an interesting word in there. And you
07:25:22 22 asked her: If we unknowingly had done something wrong.
07:25:27 23 Isn't that right?

07:25:28 24 A. That is correct.

07:25:29 25 Q. You didn't know?

07:25:30 1 A. That is why I asked her.

07:25:32 2 Q. Because she didn't tell you at that meeting?

07:25:34 3 A. That is correct.

07:25:40 4 MR. KERGER: One moment, Your Honor.

07:25:47 5 (Discussion had off the record.)

07:25:51 6 MR. KERGER: That's all I have, Your Honor.

07:25:53 7 THE COURT: Defendants?

07:25:54 8 MR. BOSS: No, thank you, Judge.

07:25:55 9 MR. JACKSON: No, Your Honor.

07:25:59 10 - - -

07:25:59 11 BRADFORD HUEBNER, RECROSS-EXAMINATION

07:26:00 12 BY MR. CRAWFORD:

07:26:00 13 Q. Mr. Huebner, the word "extraordinary," does the
07:26:05 14 word "dinar" appear in the word "extraordinary"?

07:26:11 15 A. I would have to see them laid out to --

07:26:14 16 Q. Well, e-x-t-r-a-o-r-d-i-n-a-r-y. So the word
07:26:25 17 "dinar" is in "extraordinary"?

07:26:26 18 A. That's the first time I've ever heard that.

07:26:29 19 Q. So if the word "extraordinary" shows up in
07:26:33 20 Executive Order 13303, and someone does an internet
07:26:37 21 search for dinar, and that word appears in the bigger
07:26:39 22 word "extraordinary," that would explain why Executive
07:26:43 23 Order 13303 comes up when you search for "dinar," right?

07:26:46 24 MR. KERGER: Your Honor, I object. There's
07:26:47 25 no basis for it.

07:26:48 1 THE COURT: I'll allow it. He can answer if
07:26:50 2 he knows. If he doesn't know --

07:26:55 3 A. I don't know, but I think that's a stretch.

07:26:59 4 Q. Okay. You mentioned that Major Charles Conrad
07:27:03 5 was an alcoholic who you had a problem with. Is that
07:27:06 6 right?

07:27:06 7 A. Absolutely.

07:27:07 8 Q. How about Lieutenant Bartlett? Was he an
07:27:09 9 alcoholic that you had a problem with?

07:27:11 10 A. No, John was an academic.

07:27:15 11 Q. Okay. So you've got no problem?

07:27:17 12 A. John -- excuse me. I just want to say John was a
07:27:20 13 lifer, and we -- I was not a lifer.

07:27:24 14 Q. Okay. So you've got no problem with his
07:27:26 15 evaluation that says: Based upon this current
07:27:29 16 performance and attitude, I recommend that Lieutenant
07:27:32 17 Huebner not be assigned to a sensitive or responsible
07:27:34 18 position. I also recommend that consideration be given
07:27:37 19 to Lieutenant Huebner's retention of his U.S. Army
07:27:40 20 commission and that he be allowed to retain it only if
07:27:44 21 he shows evidence of deserving it.

07:27:45 22 That's what he said about you, right?

07:27:50 23 A. Mr. Crawford, that is the first time I've ever
07:27:53 24 heard that. I've never seen my 47-year-old military
07:27:56 25 records, something I don't review very often.

07:28:01 1 MR. CRAWFORD: No other questions, Your
07:28:01 2 Honor.

07:28:01 3 - - -

07:28:01 4 BRADFORD HUEBNER, FURTHER REDIRECT EXAMINATION
07:28:01 5 BY MR. KERGER:

07:28:04 6 Q. And you retained your rank and your position?

07:28:06 7 A. And an honorable discharge and got out of the
07:28:09 8 Army.

07:28:10 9 MR. KERGER: Thank you, Your Honor.

07:28:12 10 THE COURT: You may step down.

07:28:12 11 - - -

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07:28:22 1 MR. BOSS: Your Honor, I believe that's all
07:28:23 2 the witnesses that we have scheduled for today. Our
07:28:26 3 next is scheduled for tomorrow morning.

07:28:40 4 (Discussion had off the record.)

07:28:41 5 THE COURT: Ladies and gentlemen, we've
07:28:42 6 concluded for the day, it appears, so we'll start at the
07:28:47 7 same time tomorrow, which is 9:00. And just so you're
07:28:51 8 not totally shocked, the doughnuts will be different
07:28:57 9 tomorrow morning, and the cookies. So please,
07:29:01 10 seriously, remember all the rules. All be safe.

07:30:05 11 (Jury exits the courtroom.)

07:30:06 12 MR. HARTMAN: Your Honor, I was incorrect
07:30:09 13 earlier about the notes that we have. We had the notes
07:30:14 14 from the July 27th interview. We don't have the notes
07:30:18 15 from the August 5th interview. Since he was
07:30:21 16 cross-examined with those statements, I think it's
07:30:24 17 appropriate that the government produce those.

07:30:29 18 MR. CRAWFORD: We'll look into it, Your
07:30:31 19 Honor. We'll get in the office and look into it.

07:30:35 20 THE COURT: Next? Anything else for the
07:30:37 21 record?

22 (Adjourned at 4:29 p.m.)

23 - - -

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C E R T I F I C A T E

I certify that the foregoing is a correct transcript
from the record of proceedings in the above-entitled
matter.

/s/ Tracy L. Spore

12/31/14

Tracy L. Spore, RMR, CRR

Date

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